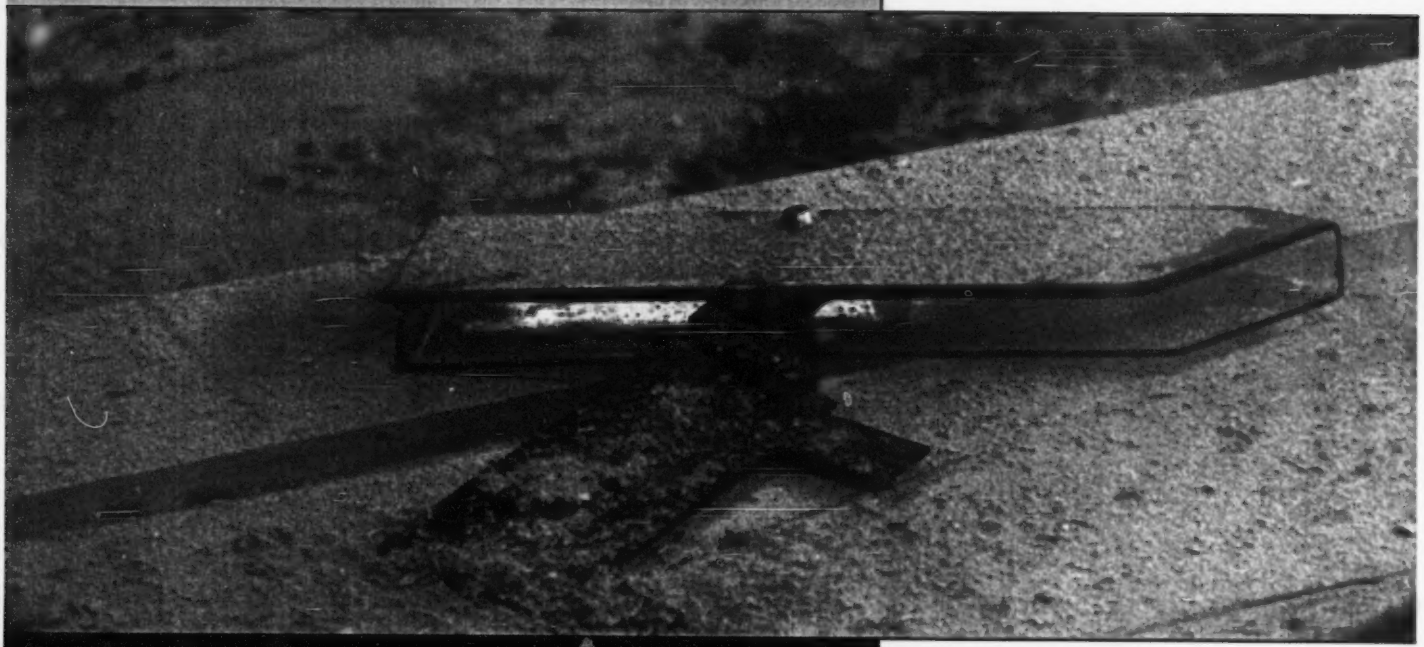
REPLACE IT BEFORE IT'S AN INJURY

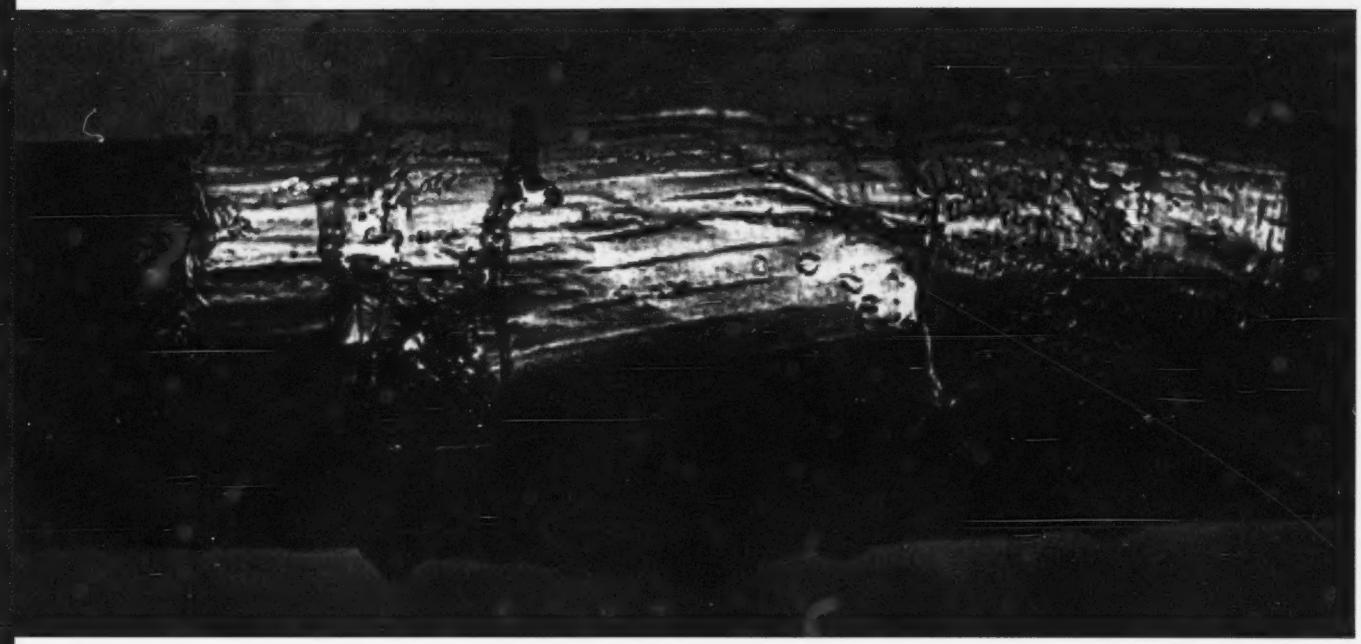


Workers Compensation Board of Prince Edward Island

2009 Annual Report

Safety Matters @Work
Workers Compensation Board of PEI

FIX IT
BEFORE IT'S AN INJURY



www.wcb.pe.ca

Safety Matters @Work
Workers Compensation Board of PEI

Letter of Transmittal

Safety Matters@Work
Workers Compensation Board of PEI

www.wcb.pe.ca

April 30, 2010

Hon. Janice Sherry
Minister of Community Services, Seniors and Labour
P.O. Box 2000
Charlottetown, PE C1A 7N8

Dear Minister Sherry,

In accordance with Section 34 of the Workers Compensation Act, the Board is pleased to provide its Annual Report for the year ending December 31, 2009.

Nancy Guptill
Chair

14 Weymouth Street, P.O. Box 757
Charlottetown, Prince Edward Island, C1A 7L7
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Toll-Free in Atlantic Canada: 1-800-237-5049
Fax: 902-368-5696

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Report to Stakeholders

About Us

Safety Matters @Work
Workers Compensation Board of PEI

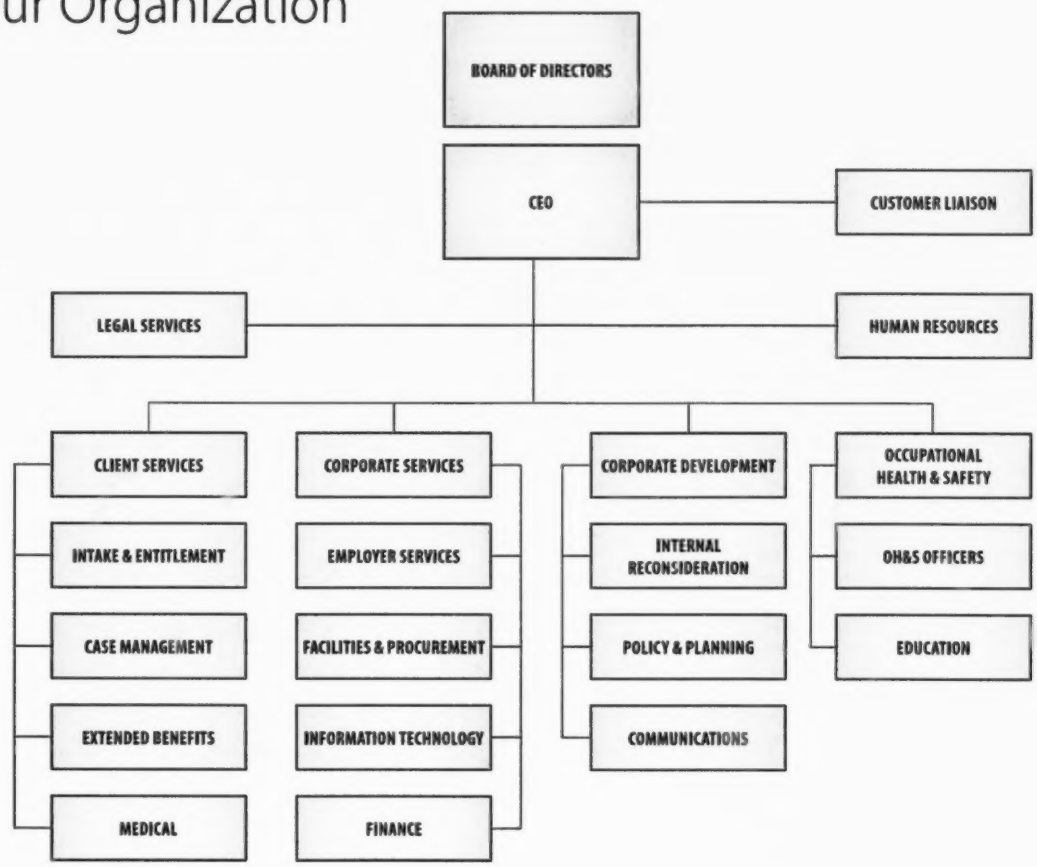
Our Mission

The Workers Compensation Board exists to promote safe workplaces and to protect employers and injured workers through a sustainable accident insurance program.

Our Values

- We treat people with fairness, care and respect
- We communicate in an open and honest manner
- We are accountable to the public and our stakeholders
- We believe in teamwork and are committed to continually improving our services
- We foster trust
- We act with integrity and professionalism

Our Organization



Our Board of Directors

The Workers Compensation Board (WCB) Board of Directors: (top, from left) Margaret Stewart, Harvey Larkin, Angus Houston, Sandy MacKay, Tammy Chaisson, Stuart Affleck (bottom) Charlene McInnis, Nancy Guptill, Mike Annear.

Chair

Nancy Guptill
Ms. Guptill has been Chair of the Workers Compensation Board since 2007. She has made many contributions to Prince Edward Island as a former MLA and Cabinet Minister. Ms. Guptill was responsible for the Workers Compensation Act as the Minister of Labour and the Status of Women. She also served as the Minister of Tourism, was responsible for human rights in the province, and was the speaker of the legislative assembly.

Worker Representatives

Tammy Chaisson
Ms. Chaisson has been a Worker Representative on the Board of Directors since 2008. She currently is a Medical Laboratory Technologist at both Western & Community Hospitals and has been the President of the International Union of Operating Engineers for the past ten years. She has served on the Occupational Health and Safety Advisory Council and was an executive member of the PEI Federation of Labour as well as a Board member of the PEI Health Sector Council.

Sandy MacKay
Mr. MacKay has been a Worker Representative on the Board of Directors since 2004. He is a past President of both the PEI Union of Public Sector Employees and the Federation of Labour. Mr. MacKay was a member of the task force that developed the first Occupational Health and Safety Act for PEI and has served on two Ministerial advisory committees that recommended changes to the Workers Compensation Act.

Charlene McInnis
Ms. McInnis has been a Worker Representative on the Board of Directors since 2004. Injured on the job in 1999, she started working with injured worker groups and became the Injured Workers Organizational Committee spokesperson in 2002. She currently is employed as the PEI Military Family Services Coordinator and works with advocacy groups for Canadian Forces members injured in the line of duty.

Margaret Stewart
Ms. Stewart has been a Worker Representative on the Board of Directors since 2005. A high school English teacher for over twenty years, and a teacher librarian for nine, she has served as the President of the PEI Teachers Federation as well as Director of the Canadian Teachers' Federation.

Employer Representatives

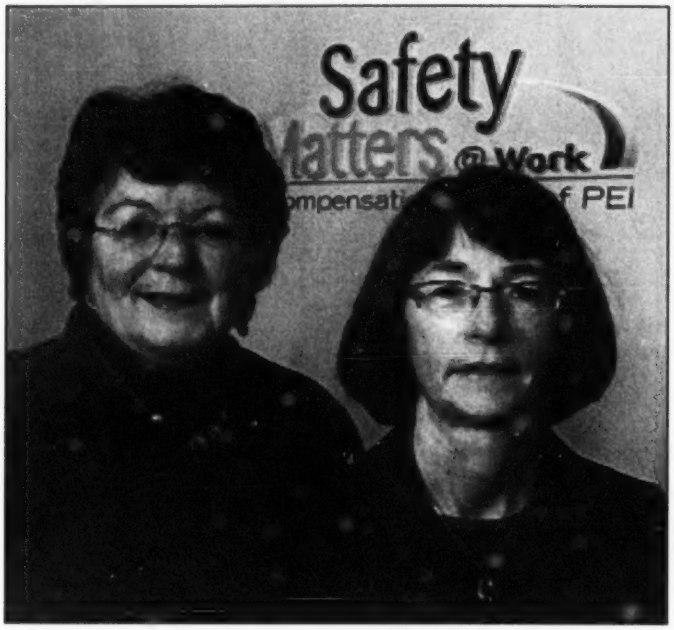
Stuart Affleck
Mr. Affleck has been an Employer Representative on the Board of Directors since 2008. He was a farm owner and operator for thirty-eight years and has held many positions through organizations such as the PEI Potato Board, East Prince Regional Health Board, PEI Unit 2 Regional School Board and the PEI Provincial Family Farm Appeals Board.

Mike Annear
Mr. Annear has been an Employer Representative and Vice-Chair of the Board of Directors since 2008. He was a member of the Legislative Review Committee for the Workers Compensation Act in 2007 and served on the Board of Directors for the PEI Road Building and Heavy Equipment Association. Mr. Annear also coordinated safety training and programming for Kings County Construction Ltd. for fifteen years.

Angus Houston
Mr. Houston has been an Employer Representative of the Board of Directors since 2008. He has over thirty years experience as an employer on PEI working in a number of capacities in both the health and hospitality industries. Mr. Houston has also owned and co-owned restaurants in both Montague and Charlottetown.

Harvey Larkin
Mr. Larkin has been an Employer Representative of the Board of Directors since 2006. He is an employer in the hospitality industry with 20-25 employees and is a farm co-owner and operator in the turkey growing business. Mr. Larkin has also served as a board member on various community organizations.

A Message
From the Chair and the CEO



As we approach the midpoint of our Strategic Plan for 2007-2012, we are pleased to report the accomplishments that we have achieved in promoting safe workplaces, and protecting employers and workers. The year 2009 marked the successful completion of the second year of our strategic plan, demonstrating our constant focus on our stakeholders, our commitment to injury prevention, and our dedication to service excellence and sustainability.

At the Workers Compensation Board, we know that safety matters at work and the best way to protect both workers and employers is to prevent workplace injuries from happening. In 2009, we undertook prevention initiatives to address high risk occupations and industries, all of which emphasized the fact that workplace injury need not be inevitable. Our fall protection television campaign illustrated the importance of worker and employer diligence in making workplaces safe. We also partnered with the agriculture, aquaculture and health sectors on strategies to reduce workplace injuries. Through the Nick Perry speaking tour, we reached out to young workers in an Island-wide effort to connect the potential hazards of the workplace to the realities of young people in the workforce.

Our approach in 2009 was characterized by a coordination of efforts and continual service improvements to best meet the needs of our stakeholders. This approach was exemplified in the Workers Compensation Board's Focused Employer Initiative (FEI). The FEI involved a multi-disciplinary team of prevention, injury management and assessment professionals to educate Island employers on optimizing safety and return to work best practices that positively impact assessment rates. To further prevention efforts, in 2009 we developed health and safety education workshops for safety committees, launched our multimedia resource library and developed an online calendar of events to facilitate easy access to prevention information and services.

Soft tissue injuries continued to be a key focus in 2009, as our statistics show that soft tissue injuries account for over 50% of all reported claims. Following the success of our "Critical Path for Soft Tissue Injury: Back" initiative, we consulted with health care providers and employers to improve outcomes for workers with soft tissue shoulder injuries. Through the identification of success factors with these types of injuries and the critical points throughout claim management, we promoted timely recovery and return to work. Recognizing that work is a critical component of the recovery process, the Workers Compensation Board continued to monitor and evaluate return to work indicators throughout 2009.

The year 2009 marked the tenth anniversary of the Workers Compensation Board's Annual Conference on Workplace Health and Safety. The conference workshops and trade show exhibits were presented to another capacity audience this year, educating workers, employers and safety professionals on a variety of topics, including electrical and chemical safety, supervisory responsibilities, ergonomics, road safety, stress management and safety standards.

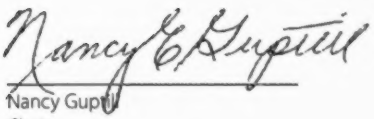
The Workers Compensation Board exists to serve its stakeholders and consequently, accountability is the driving factor for all of our organizational activities. One way in which we ensure that we are reflecting our stakeholders' needs and service expectations is by asking them how we are doing through alternating biennial worker and employer surveys. In 2009, Island employers were surveyed and we are extremely proud that the results revealed our highest ever service satisfaction results, at 77.2%, compared to 74.9% in 2007.

We believe that one way in which we meet and exceed service expectations is through the strategic use of technology. In 2009, the Workers Compensation Board implemented a centralized desktop management system, and began the steps to establish a foundation for our e-business solutions. One such e-business initiative in this past year was the online option for the Form-7, a secure and convenient way for employers to submit reports of accidents. Within the organization, a new computer system was implemented to enhance the services that are delivered to Island employers, and an information sharing program was implemented to enable knowledge exchange across the organization.

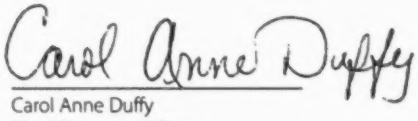
In addition to building better systems, our efforts to promote strength from within included continued investment in our most valuable resource, our people. In 2009, we provided performance development and evaluation support and training for our managers and supervisors, and implemented a wellness plan for all staff. Our staff survey results from 2009 show that the vast majority of our employees are satisfied with working at the WCB, with key mentions in the areas of staff development and wellness. The Workers Compensation Board believes that a sound investment in its human resources is a wise investment in its future.

Securing the future is also about financial sustainability and the Workers Compensation Board is committed to protecting workers and employers through a sustainable accident insurance program. Not only is our funding strategy specifically designed to maintain our funding status, but in 2009 our long term investments benefited from increased stability with the modest turnaround in the worldwide market.

The Workers Compensation Board is pleased to report on our achievements of the second year of our strategic plan and we are excited to continue our work with workers, employers and all stakeholders to contribute to safe workplaces across the Island.



Nancy Guptill
Chair
Workers Compensation Board



Carol Anne Duffy
Chief Executive Officer
Workers Compensation Board

Message
du président et de la directrice générale

Au moment où nous approchons le point milieu de notre Plan stratégique de 2007-2012, nous sommes heureux de faire état des réalisations que nous avons accomplies dans la promotion des milieux de travail sécuritaires et dans la protection des employeurs et des travailleurs. L'année 2009 a marqué le plein accomplissement de la deuxième année de notre plan stratégique, démontrant l'attention constante que nous portons à nos membres participants, notre engagement à la prévention des blessures, et notre dévouement à l'excellence et à la durabilité des services.

À la Commission des accidents du travail, nous savons que la sécurité au travail est importante et que la meilleure façon de protéger les travailleurs et les employeurs est de prévenir les blessures en les empêchant de se produire. En 2009, nous avons entrepris des initiatives de prévention pour aborder les professions et les industries à haut risque qui insistaient toutes sur le fait que les blessures en milieu de travail ne sont pas inévitables. Notre campagne télévisée sur la protection des chutes a illustré l'importance de la diligence des travailleurs et des employés pour rendre les lieux de travail sécuritaires. Nous avons également établi un partenariat avec les secteurs de l'agriculture, de l'aquaculture et de la santé pour développer des stratégies permettant de réduire les blessures en milieu de travail. Grâce à la tournée de conférences de Nick Perry, nous avons fait un pas vers les jeunes travailleurs afin d'établir le lien entre les risques potentiels du milieu de travail et la réalité des jeunes travailleurs actifs partout à l'Île.

Notre approche en 2009 a été caractérisée par une coordination du travail et des améliorations constantes des services pour mieux répondre aux besoins de nos membres participants. Cette approche est illustrée par le Focused Employer Initiative (FEI) de la Commission des accidents du travail. Le FEI a fait participer une équipe multidisciplinaire de professionnels en prévention, en gestion des blessures et en évaluation pour éduquer les employeurs de l'Île sur l'optimisation de la sécurité et les pratiques exemplaires de retour au travail qui ont un effet positif sur les taux d'évaluation. Afin de tirer le meilleur parti du travail de prévention en 2009, nous avons développé des ateliers d'éducation à la santé et à la sécurité pour les comités de sécurité, nous avons lancé notre bibliothèque de ressources multimédias et nous avons conçu un calendrier des événements en ligne pour faciliter l'accès aux renseignements et services portant sur la prévention.

Les blessures des tissus mous ont continué d'être un point central en 2009, étant donné que nos statistiques démontrent que ces blessures représentent plus de la moitié des réclamations rapportées. À la suite du succès de notre initiative intitulée « Critical Path for Soft Tissue Injury: Back », nous avons consulté les fournisseurs de soins de santé et les employeurs pour améliorer les résultats des travailleurs ayant des blessures aux tissus mous des épaules. En identifiant les facteurs qui ont connu du succès auprès de ce type de blessure et les points critiques dans l'ensemble de la gestion des réclamations, nous avons fait la promotion d'une convalescence et un retour au travail rapide. En reconnaissant que le travail est une

composante importante du processus de convalescence, la Commission des accidents du travail a continué de surveiller et évaluer les indicateurs de retour au travail au cours de l'année 2009.

L'année 2009 a marqué le dixième anniversaire de la Conférence annuelle sur la santé et la sécurité au travail de la Commission des accidents du travail. Les ateliers et les expositions de la foire commerciale de la conférence ont été présentés à un autre auditoire à pleine capacité, éduquant les travailleurs, les employeurs et les professionnels de la sécurité sur différents sujets, notamment la sécurité électrique et chimique, les responsabilités de supervision, l'ergonomie, la sécurité routière, la gestion du stress et les normes de sécurité.

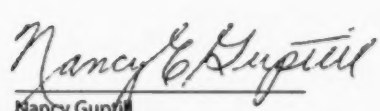
La Commission des accidents du travail existe pour servir ses membres participants et par conséquent, l'obligation de rendre compte est le facteur moteur de toutes nos activités organisationnelles. Une façon de veiller à ce que nous reflétions les besoins de nos membres participants et les attentes en matière de service est en leur faisant évaluer notre rendement par biais d'un sondage biennal alternant entre les travailleurs et les employeurs. En 2009, ce sont les employeurs qui ont répondu au sondage et nous sommes extrêmement fiers des résultats qui affichent notre plus haut taux de satisfaction à ce jour, soit 77,2 %, comparé à 74,9 % en 2007.

Nous croyons qu'une des façons dont nous répondons aux attentes en matière de service, ou dont nous excédons les attentes est notre utilisation stratégique de la technologie. En 2009, la Commission des accidents du travail a mis en place un système de bureautique centralisé, et a franchi les premières étapes pour l'établissement d'une fondation pour nos solutions en affaires électroniques. Une telle initiative en affaires électroniques au cours de la dernière année est l'option en ligne pour le Formulaire-7, une façon sécuritaire et pratique qui permet aux employeurs de soumettre leurs rapports d'accidents. À l'interne, un nouveau système informatique a été mis en place pour améliorer la prestation des services offerts aux employeurs de l'Île, et un programme de partage d'informations a été mis en œuvre pour permettre l'échange du savoir dans l'ensemble de l'organisation.

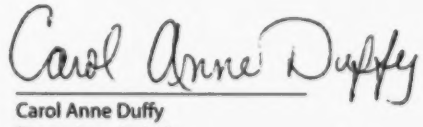
En plus d'améliorer nos systèmes, le travail de promotion « Trouver la force en soi » comprenait l'investissement continu dans notre ressource la plus précieuse, les gens. En 2009, nous avons offert à nos gestionnaires et superviseurs du perfectionnement professionnel sur la performance, et une formation et un soutien en matière d'évaluation. Nous avons également établi un plan de bien-être pour tout le personnel. Les résultats de notre sondage auprès du personnel de 2009 démontrent qu'une grande majorité de nos employeurs sont satisfaits du milieu de travail de la Commission des accidents du travail, avec des mentions clés dans le domaine du perfectionnement du personnel et du bien-être. La Commission des accidents du travail est d'avis qu'un investissement solide dans ses ressources humaines est un investissement sage pour son avenir.

Assurer l'avenir revient aussi à assurer la durabilité financière, et la Commission des accidents du travail s'engage à protéger les travailleurs et les employeurs par l'entremise d'un programme d'assurances contre les accidents durable. Notre stratégie de financement est conçue pour maintenir notre statut de financement, et en 2009, nos investissements à long terme ont profité d'une stabilité accrue avec le redressement modeste du marché mondial.

La Commission des accidents du travail est heureuse de faire état des réalisations de la deuxième année de notre plan stratégique et nous sommes enthousiastes de poursuivre notre travail auprès des travailleurs, des employeurs et de tous les membres participants pour contribuer à la sécurité des milieux de travail dans l'ensemble de l'Île.



Nancy Guptill
Président
Commission des accidents du travail



Carol Anne Duffy
Directrice générale
Commission des accidents du travail

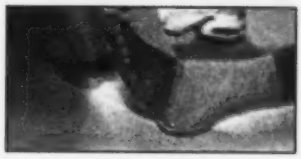
Strategic Plan

Our Plan, Our Results

The Strategic Plan (2007-2012) reflects the mission and values of the Workers Compensation Board (WCB) and focuses on five strategic themes.

Within each theme, key result areas guide specific goals, actions and measures of success. Our results are highlighted for stakeholders by key result area.

Strategic Theme: *Sharing Prevention Responsibilities*



Strategic Theme: *Improving Worker Outcomes*

Strategic Theme: *Meeting Service Expectations*

Strategic Theme: *Promoting Strength Within*

Strategic Theme: *Securing the Future*

Strategic Theme:
Sharing Prevention Responsibilities

Key Result Area: *Injury Prevention*

The Workers Compensation Board recognizes that prevention is the most effective way to minimize the overall emotional, physical, and financial burden of workplace injuries. An effective injury prevention program depends on workers, employers and the Workers Compensation Board each understanding their role in making Prince Edward Island a safe place to work.

Measure of Success:

- Workers and employers perceive their injury prevention education needs are being met.
- The mandate of the Workers Compensation Board for injury prevention education is endorsed by workers and employers.
- A strategy for reducing recurring workplace injuries has been implemented.
- Incidents of recurring workplace injuries are being monitored.
- Workers and employers in high injury sectors recognize the value of the internal responsibility model for improving outcomes.

Course of Action:

Continuing the efforts to ensure that the Workers Compensation Board, workers and employers understand their role in injury prevention, the plan for 2009 was to focus on outcomes in high injury sectors that demonstrate that workers and employers have embraced the internal responsibility model for injury prevention.

Our course of action in 2009 included:

- Reassessing efforts to educate workers and employers on injury prevention
- Facilitating the delivery of injury prevention education which meets the needs of workers and employers
- Identifying and promoting injury prevention best practices
- Developing a strategy to reduce recurring workplace injuries

Results Summary:

Completed as of December 2009:

√ Worked with the Federation of Agriculture, the Agriculture Sector Council, and the National Farmers Union to assess and determine health and safety education needs in the farming sector

√ Documented the results of the 2007/2008 focused employer initiative and re-examined WCB programs aimed at identifying and visiting employer sites to avoid duplication of efforts

√ Worked with the Department of Agriculture and the Department of Environment, Energy and Forestry to develop workshops for the farming sector related to the use of pesticides

√ Developed a fall protection program for the construction sector

√ Worked with the PEI Aquaculture Alliance to develop training for the aquaculture industry specific to the Aquaculture Code of Practice

√ Created a library of multimedia resources for use by health and safety committees

√ Developed a series of health and safety education workshops designed for safety committee members

√ Published an annual calendar of health and safety education workshops and delivered scheduled workshops

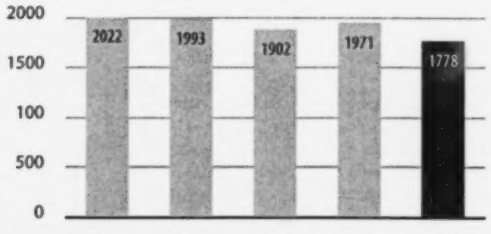
√ Coordinated and delivered the safety component of the National Skills Canada event

√ Worked with the Department of Education to reassess curriculum priorities for young worker education

√ Collaborated with the public sector health and social services to identify strategies to reduce workplace injuries

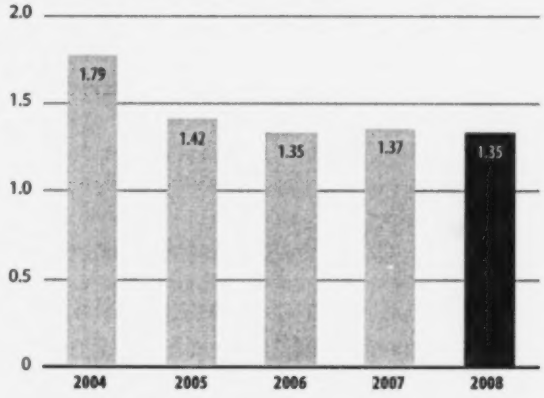
Number of Adjudicated Claims

Total Adjudicated Claims: Total number of claims adjudicated for entitlement to benefits.
Temporary Wage Loss: Claims received where, as a result of a workplace injury, compensation for wage loss is paid to a worker.
Medical Aid Only: Claims received where, as a result of a workplace injury, a worker does not lose wages but does receive medical aid which is paid on behalf of the worker by the Workers Compensation Board.
Fatalities: Claims received as a result of a workplace fatality.
Denied: Claims received and determined not eligible for workers compensation system benefits under the Workers Compensation Act.



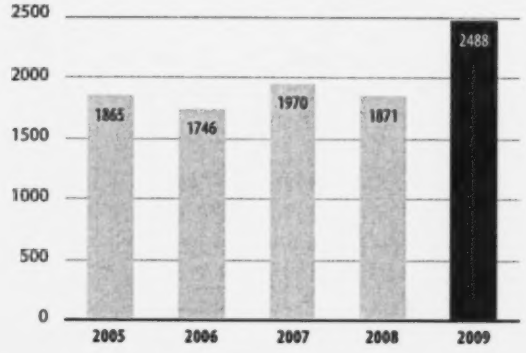
	2005	2006	2007	2008	2009
Total Adjudicated Claims	2022	1993	1902	1971	1778
Temporary Wage Loss	797	809	862	866	830
Medical Aid Only	1031	1043	904	955	790
Fatalities	1	0	2	2	2
Denied	193	141	134	148	156

Injury Frequency (per 100 FTE's)

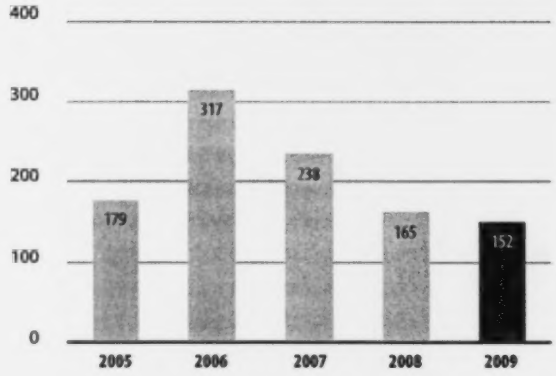


Injury Frequency: The injury frequency rate is calculated by dividing the number of claims by the number of full-time employees in a given year. A full-time employee or full-time equivalent (FTE) is defined as an employee who works the equivalent of 35 hours per week.

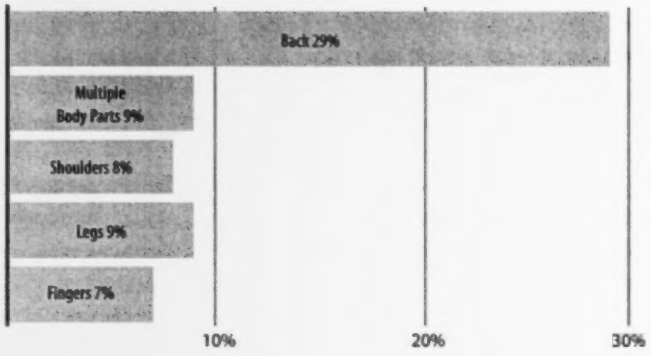
Workplace Health and Safety Inspections



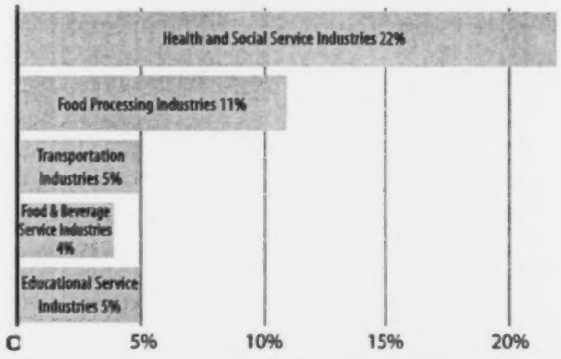
Workplace Health and Safety Workshops and Presentations



Top Five Anatomical Areas of Injury



Top Five Industries having Workplace Injuries



injury prevention ...

depends on workers, employers and the Workers Compensation Board each understanding their role in making Prince Edward Island a safe place to work.

Strategic Theme:
Improving Worker Outcomes

Key Result Area: *Improving Outcomes for Workers with Soft Tissue Injuries*

Over fifty percent of all claims filed with the Workers Compensation Board are the result of soft tissue injuries. The Workers Compensation Board is committed to effective case management for all injury types; however, a focused approach which will enhance the safe and timely return to work for workers with soft tissue injuries is essential.

Measure of Success:

- A process for managing soft tissue injury claims has been developed.
- Staff, employers, and health care providers understand the process and respective roles and responsibilities for managing soft tissue injury claims.
- Soft tissue injury claims are being identified and a process for managing soft tissue injury claims is being used.
- Workers with soft tissue injuries have more successful outcomes.

Course of Action:

Continuing the efforts to define criteria for identifying workers with soft tissue injuries and develop a process for managing soft tissue injury claims, the plans for 2009 were to focus on implementing a process for managing soft tissue injury claims so that workers with soft tissue injuries have more successful outcomes.

Our course of action in 2009 included:

- Implementing a strategy to reduce recurring workplace injuries
- Consulting with employers on return to work processes for soft tissue injuries
- Consulting with health care providers on treatment standards for soft tissue injuries
- Identifying critical success factors and indicators for improving soft tissue injury outcomes
- Developing a process for managing soft tissue injury claims
- Identifying roles and responsibilities for managing soft tissue injury claims
- Educating staff, workers, employers, and health care providers on the process for managing soft tissue injury claims
- Identifying indicators of soft tissue injury outcome improvement
- Implementing a process for managing soft tissue injury claims

Results Summary:

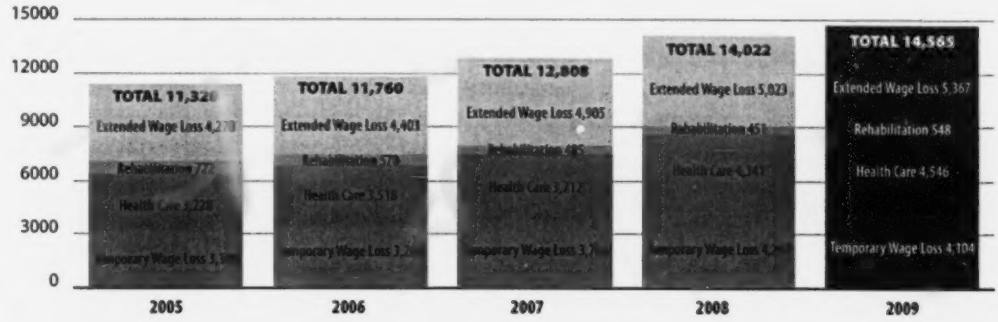
Completed as of December 2009:

√ Implemented a work plan designed to meet the needs of targeted private sector health care employers
√ Consulted with priority employers on the critical path for return to work (RTW) for soft tissue shoulder injuries
√ Consulted with health care providers on treatment standards for soft tissue shoulder injuries
√ Developed a critical path that identifies critical points throughout the duration of a claim (adjudication, transfer to case management, and RTW planning) for soft tissue shoulder injuries
√ Identified success factors that will improve outcomes for soft tissue shoulder injuries
√ Developed a procedure, which includes action items to address critical points, success factors, and recognizes treatment standards for health care providers, for the management of soft tissue injury claims
√ Amended claim audit procedures to include responsibilities and action areas for the management of soft tissue injuries and educated staff on the procedure
√ Monitored RTW indicators on a monthly basis and evaluated RTW results
√ Implemented the critical path and distributed fact sheets for soft tissue lower back injury

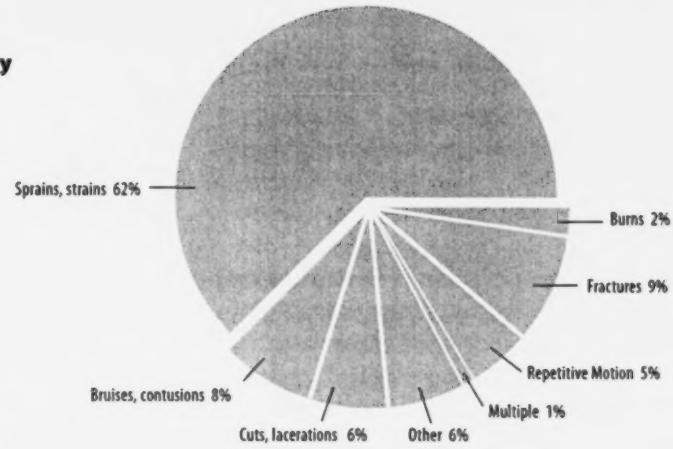
Key Statistics: *Improving Worker Outcomes*

$ Benefit Payments (in thousands)

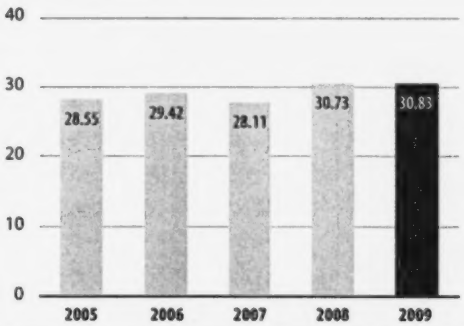
Benefit Payments: Benefit payments in any given year are associated with either injuries which occur in that year or injuries that have occurred in previous years.



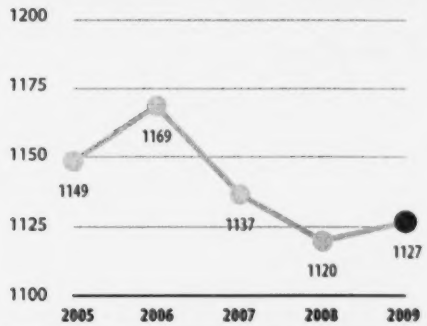
Nature of Injury



Average Claim Duration



Number of Workers Receiving Extended Benefits



over 50%

of all claims filed with the Workers Compensation Board are the result of soft tissue injuries ... a focused approach which will enhance the safe and timely return to work for workers with soft tissue injuries is essential.

Strategic Theme:
Meeting Service Expectations

Key Result Area: *Service Delivery*

Meeting service delivery expectations will always be critical to the success of the Workers Compensation Board. Past stakeholder survey results indicate that improving claim processing effectiveness will have the greatest impact in terms of stakeholder satisfaction with services delivered by the Workers Compensation Board.

Measure of Success:

- Workers Compensation Board staff, employers, workers and service providers have participated in the identification of standards for claim processing effectiveness.
- Priority claim processing standards have been identified and communicated.
- Claim processing effectiveness has improved.

Course of Action:

Building upon the efforts to identify standards for claim processing effectiveness for Workers Compensation Board staff, employers, workers, and service providers, the plans for 2009 were to focus on the measurement of claim processing effectiveness and put appropriate feedback mechanisms in place.

Our course of action in 2009 included:

- Establishing and communicating claim processing standards
- Developing and implementing intervention strategies aimed at meeting or exceeding claims processing standards

Results Summary:

Completed as of December 2009:

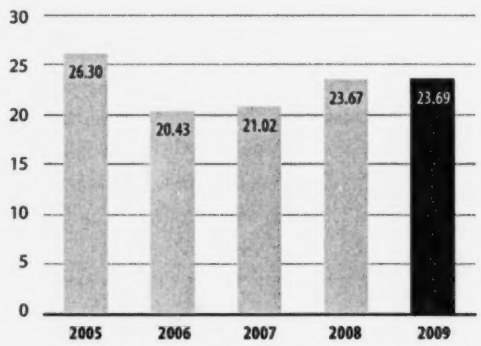
√ Identified claim processing standards, based on input from stakeholders

√ Educated staff on changes to the procedures

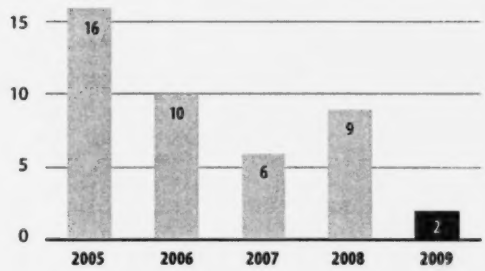
√ Initiated a business process review of the Extended Benefits Section

Key Statistics: *Service Delivery*

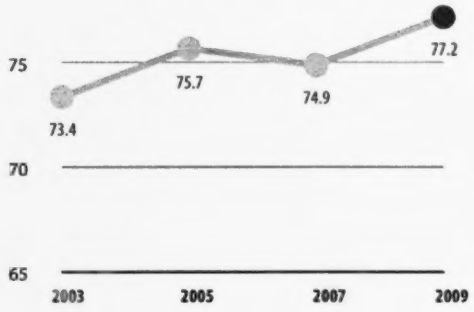
Average Calendar Days from Report of Accident to First Payment



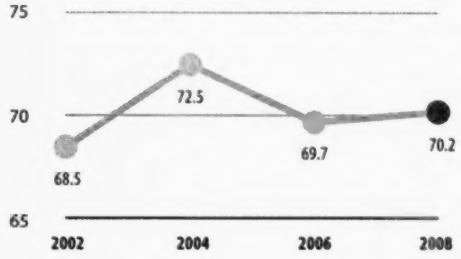
Customer Liaison Complaint Calls



Employer Survey
Service Satisfaction Index

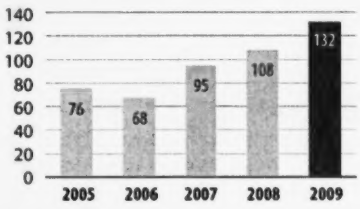


Injured Workers Survey
WCB Performance Index

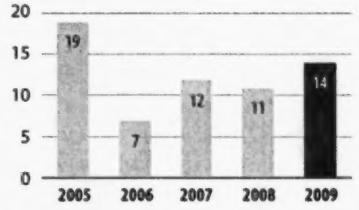


Internal Reconsideration

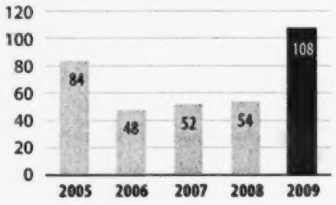
Appeals Received



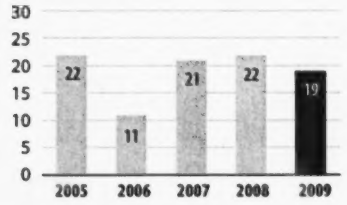
Appeals Accepted



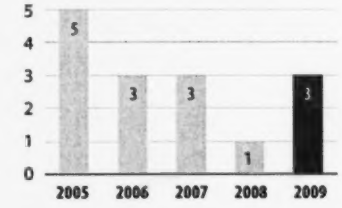
Appeals Denied



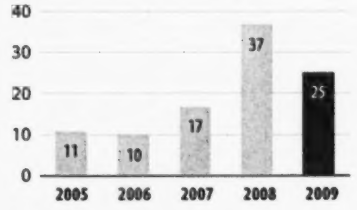
Appeals Dismissed



Appeals Withdrawn



Appeals Decision Pending



improving claim processing

will have the greatest impact in terms of stakeholder satisfaction with services delivered by the Workers Compensation Board.

Strategic Theme:
Meeting Service Expectations

Key Result Area: *Information Technology (IT)*

Technology continues to evolve at a rapid pace. The Workers Compensation Board recognizes the potential of the Internet for delivering core services to clients. Over the next five years, the Workers Compensation Board will roll out an E-business strategy providing secure and easy to use web-based services for clients who prefer the convenience of online access.

Measure of Success:

- A secure E-business infrastructure is in place.
- E-business services have been introduced.
- An Information Technology Business Plan has prioritized E-business requirements.
- E-business is available to stakeholders in a secure, well supported environment.
- E-business services are being used by stakeholders.

Course of Action:

Building on the potential for E-business to improve service delivery effectiveness for Workers Compensation Board stakeholders, efforts in 2009 were focused on service delivery improvements for workers and employers through the incorporation of E-business into Workers Compensation Board workflow and computer systems.

Our course of action in 2009 included:

- Establishing an E-business infrastructure
- Identifying and implementing short-term E-business goals
- Consulting with stakeholders on E-business priorities

Results Summary:

Completed as of December 2009:

√ Implemented a centralized desktop management system
√ Implemented an E-business infrastructure and procured services required for the support of the infrastructure
√ Implemented "team work" intranet information sharing functionality
√ Gathered information on electronic service priorities and usage as part of the 2009 Employers Survey
√ Developed a list of E-service priorities as part of IT Business Plan development

... will roll out an E- business strategy providing secure and easy to use

web-based services.

Strategic Theme:
Promoting Strength Within

Key Result Area: *Human Resources*

A qualified, committed, and motivated staff is clearly the most valuable resource within any organization. The Workers Compensation Board must create an environment where staff believe in the work they do, have the tools, knowledge and support they need, and are challenged to contribute to ongoing improvement and positive change within the organization.

Measure of Success:

- Employees have participated in a review of performance development and evaluation methods.
- Performance development and evaluation procedures have been documented.
- Supervisors have been trained on performance development, evaluation procedures, and techniques for giving and receiving feedback.
- Employee satisfaction in areas specific to receiving support and recognition has improved.

Course of Action:

Building on the effort to ensure that Workers Compensation Board supervisors understand their role and have the necessary skills to implement an effective employee performance development and evaluation program, the plans for 2009 focused on ensuring employees have a sense of accomplishment, do work that is valued, and receive the support and recognition they need.

Our course of action in 2009 included:

- Providing performance development and evaluation training for supervisors
- Providing support for staff wellness and professional growth
- Providing performance development and evaluation training for employees
- Implementing and monitoring the use of performance development and evaluation standards by supervisors

Results Summary:

Completed as of December 2009:

√ Conducted an individual needs assessment for managers and supervisors based on the new performance development and evaluation framework and procedures

√ Reviewed the needs assessment results with managers and supervisors and provided support in meeting skill development needs

√ Identified a wellness plan implementation structure and implemented core components of the plan

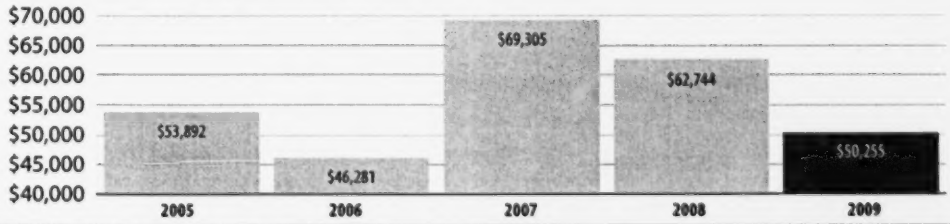
√ Identified training requirements and procured training services for performance development and evaluation training for employees

√ Facilitated completion of performance development and evaluation training

√ Implemented the performance and evaluation framework and procedures

Key Statistics: *Human Resources*

Investment in Employee Development



Strategic Theme:
Securing the Future

Key Result Area: *Financial*

Long term sustainability of the workers compensation system on Prince Edward Island depends on sound fiscal management, stringent audit standards, full funding policies, and transparent financial reporting. The Workers Compensation Board is committed to protecting the future of the workers compensation system on behalf of Island workers and employers.

Measure of Success:

- The funding strategy has been amended.
- A funding policy has been developed.
- Funding targets are being maintained.
- Changing accounting standards are being monitored and potential impacts identified.

Course of Action:

Building upon a funding strategy that protects the financial position of the Workers Compensation Board, efforts in 2009 focused on building an understanding of the funding strategy and funding policy, and maintaining funding targets.

Our course of action for 2009 included:

- Reviewing financial position and objectives
- Implementing the updated funding strategy
- Developing and implementing a communications plan for reporting of funding strategy status
- Monitoring the impacts of changing accounting standards on financial position

Results Summary:

Completed as of December 2009:

√ Reviewed financial position and objectives for year end 2008 and the funding status for year end 2008, based on the funding policy

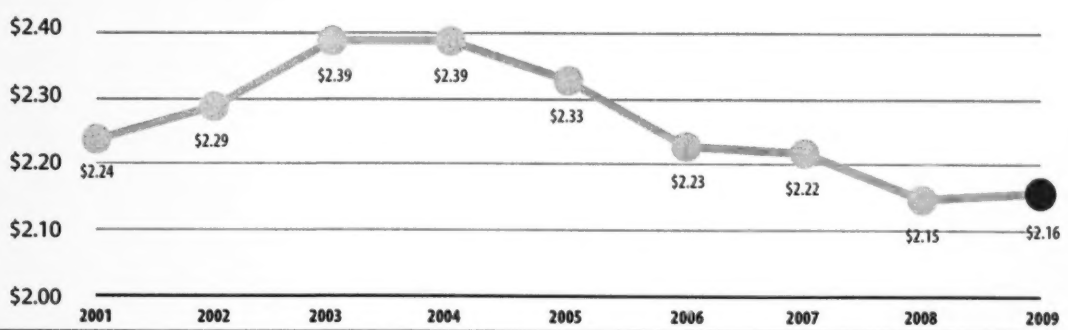
√ Incorporated the results of the 2008 review results into rate setting processes for 2010

√ Participated on a national working group on implementation of International Financial Reporting Standards (IFRS)

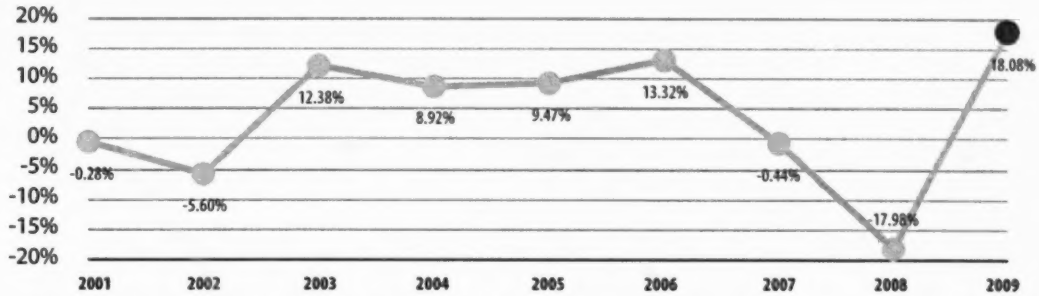
√ Identified the impacts of IFRS for financial reporting for 2008 and 2009

Key Statistics: *Financial*

Average Assessment Rate



Investment Return (Percentage)*



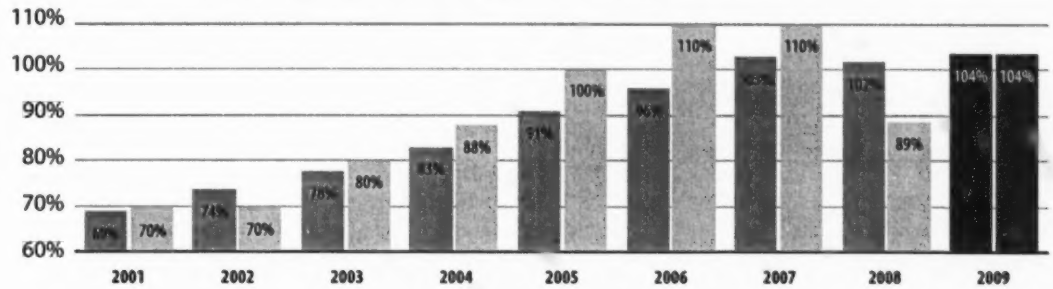
* Reporting for the investment percentage has changed to be consistent with the method for reporting returns on a national level.

Funded Position (Percentage)

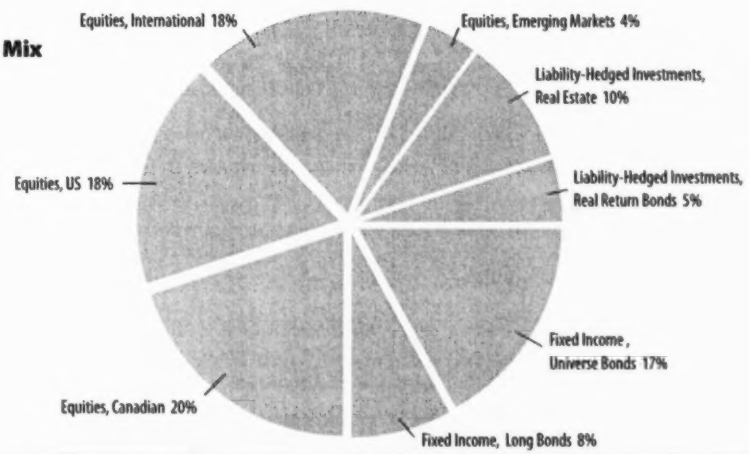
Smoothed
Fair Market Value

Investment returns - Smoothed:
Recognizing gains and losses of investments over five years rather than recording them entirely in the year they occur.

Investment returns - Fair Market Value:
Recognizing gains and losses of investments in the year they occur.



Target Asset Mix


Equities, International 18%
Equities, Emerging Markets 4%
Liability-Hedged Investments, Real Estate 10%
Liability-Hedged Investments, Real Return Bonds 5%
Equities, US 18%
Fixed Income, Universe Bonds 17%
Equities, Canadian 20%
Fixed Income, Long Bonds 8%

Long term sustainability of the workers compensation system on Prince Edward Island depends on sound

fiscal management,

stringent audit standards, full funding policies, and transparent financial reporting.

Strategic Theme:
Securing the Future

Key Result Area: *Legislation*

The Workers Compensation Board is responsible for administration of the *Workers Compensation Act* and the *Occupational Health and Safety Act*.

Provisions in the *Workers Compensation Act* mandate a comprehensive review every five years. The Workers Compensation Board must facilitate a fair and consultative process resulting in recommendations for change which balance the needs of workers, the needs of employers, and the fiscal responsibilities of the Workers Compensation Board.

Meeting demands for regulatory amendments within the occupational health and safety legislation will remain a priority for the Workers Compensation Board over the next number of years.

Measure of Success:

- Legislative Advisory Committee recommendations on proposed *Workers Compensation Act* amendments have been documented and presented to the Board of Directors.
- *Occupational Health and Safety Act* regulatory priorities have been identified.
- *Workers Compensation Act* amendments have been presented to Government.
- Priority *Occupational Health and Safety Act* regulations have been presented to Government.
- Legislative and regulatory changes have been implemented.

Course of Action:

Efforts in 2009 were focused on putting in place legislation and regulations which fairly reflect the interests and needs of all stakeholders, while recognizing the need for program sustainability.

Our course of action in 2009 included:

- Identifying priorities for regulatory change within the *Occupational Health and Safety Act* regulations
- Recommending *Workers Compensation Act* amendments to Government
- Supporting legislative and regulatory change processes
- Implementing legislative and regulatory change processes

Results Summary:

Completed as of December 2009:

√ Worked with the OHS Advisory Council to identify priority regulations for review
√ Developed a work plan for review of priority regulations
√ Worked with the Legislative Counsel Office to draft changes to the *Workers Compensation Act*
√ Developed a communications plan for legislative and regulatory change processes

Legislative and regulatory review ... a

fair and consultative

process resulting in balance.

Strategic Theme:
Securing the Future

Key Result Area: *Business Continuity Planning*

Business continuity planning is a proactive planning approach which ensures that essential services are provided during a disruption of business. The Workers Compensation Board believes that mission critical services must be available to clients should an unforeseen event cause a disruption in normal business operations.

Measure of Success:

- A business continuity risk working group is in place.
- Mission critical services have been documented.
- A Business Continuity Plan has been formalized and communicated to staff within the Workers Compensation Board.
- Procedures for Business Continuity Plan maintenance are in place.

Course of Action:

Efforts in 2009 were focused on putting a plan in place to ensure the organization continues to provide essential services in the event of any major business disruption. Our course of action was to develop a recovery plan for each mission critical service.

Results Summary:

Completed as of December 2009:

√ Reviewed existing redundancy and recovery continuity strategies
√ Evaluated on-going internal business continuity planning resource needs
√ Compiled a Continuity/Recovery Strategy Report
√ Developed Business Continuity and Crisis Management Plans

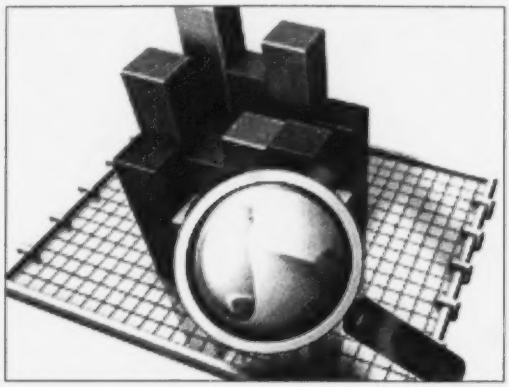
The Workers Compensation Board believes that

mission critical services

must be available to clients should an unforeseen event cause a disruption in normal business operations.

At a Glance

Key Statistical Measures



KEY STATISTICAL MEASURE	2008	2009
Workers		
Claims adjudicated	1,971	1,778
Claims accepted	1,823	1,622
Claims denied	148	156
Temporary wage loss claims	866	830
Medical aid only claims	955	790
Fatalities *(Reporting method changed for consistency with national reporting methods)*	2	2
Maximum annual earnings level	45,400	47,500
Average calendar days from report of accident to first payment	23.67	23.69
Average claim duration (days)	30.73	30.83
Employers		
Assessable payroll (in millions)	$1,257.67	$1,342.92
Assessment revenue (in millions)	$25.93	$29.44
Average assessment rate (per $100 assessed payroll)	$2.15	$2.16
Maximum assessable earnings	$45,400	$47,500
Number of assessed employers	4922	4963
Prevention		
Workplace health and safety inspections	1871	2488
Complaint investigations	87	92
Occupational Health and Safety violation orders	1853	1489
Serious accident investigations	106	75
Workplace health and safety workshops and presentations	165	152
Prosecutions	2	1
Finance		
Benefits liability (in millions)	$122.10	$127.14
Fund balance (in millions)	$-13.39	$4.86
Administration costs (in millions)	$6.19	$6.61
Market rate of return on portfolio	-17.98%	18.08%
Workers Compensation Appeal Tribunal (WCAT) Appeals		
Appeals initiated by workers	19	44
Appeals initiated by employers	3	4
Appeals resolved	13	21

Financial Statements

Preface to the audited financial statements
2009 Financial Reporting

During the 2004 year, all Workers Compensation Boards in Canada were required to change their investment accounting policy in their financial statements as a result of new standards introduced by the Canadian Institute of Chartered Accountants. Investments must now be recorded at their fair value which is essentially their market value.

Under the old policy, Workers Compensation Boards in Canada had smoothed gains and losses on the sales of investments over five years rather than recording them entirely in the year they were sold. The result of doing this was to reduce the volatility experienced in the Board's financial results as the annual investment income was more comparable to the long term rate of return than rates experienced over the short term. This gave stability to assessment rates and ensured that annual assessment rates were not set based on volatile annual investment returns.

Under the new policy, gains and losses are recognized in the year they occur. This introduces a significant amount of volatility to the Board's financial results. As is outlined in the 2009 financial statements, the Board's financial results for the 2009 year were $15.1 million better than they would have been under the old investment policy.

The Board's funded percentage, as determined on its traditional method of recording investments was 103.9% at the end of 2009 compared with 101.5% at the end of 2008. The adoption of the new accounting standards for investments results in an unusually comparable funding ratio at the end of 2009 of 103.8%.

The Board cannot use an accounting policy alone to drive its key business decisions. Assessment rates for employers and benefit levels for injured workers cannot be based on short-term, annual investment gains or losses, which by their nature, are unpredictable and not guaranteed to be sustained over the long term. The Board's financial capacity to lower rates or increase benefits has to continue to be based on the long-term expectation for investment returns. As a result, the Board intends to continue setting assessment rates based on the long-term expected rate of return rather than short-term results.

In 2002, the Board implemented a funding strategy to address retirement of the unfunded liability as at December 31, 2001. In 2007, the Board replaced this funding strategy with a funding policy which recognizes current funding levels and is aimed at maintaining a financial position of fully funded.

The primary goals of the funding policy are to minimize the risk of becoming unfunded, thereby ensuring there is sufficient money available for payment of current and future worker benefits; minimize cost volatility for employers so that overall average assessment rate for the current year will not vary significantly over the previous year's overall average assessment rate; minimize the total cost charged to employers by ensuring the funded status is appropriate in relation to financial needs; ensure today's employers pay for the current and future cost of today's accidents.

The funding policy will target a funding status in the range of 100% - 110% and includes specific adjustments to be applied to the assessment rate setting process should the funding status fall outside this range.

We expect the Board to maintain strong financial results despite fluctuations and erratic movements of the investment market. We will also continue to be prudent when recognizing investment gains and losses over a reasonable time period when setting rates and evaluating the funding strategy.

Eckler

ACTUARIAL CERTIFICATE

We have completed an actuarial valuation of the benefits liabilities for insured employers under the Workers Compensation Act of Prince Edward Island as at December 31, 2009. The purpose of the valuation is to provide adequate and appropriate estimates of the present value of future benefit obligations for inclusion in the Board's 2009 financial statements.

Our estimate of the benefits liabilities of $127,138,000 represents the actuarial present value, at December 31, 2009, of expected benefit payments and their associated administrative costs, which will be made in future years, and which relate to claims arising from events that occurred on or before December 31, 2009. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease. No allowance has been made for any possible future deviations from the present policies and practices of the Board or for the extension of new coverage types.

All liabilities have been calculated using an underlying assumption of a 3.5% real rate of return on invested assets. The Consumer Price Index is estimated to increase at a rate of 3.5% per annum.

The liabilities in respect of temporary wage loss, lump-sum payments, hospital, medical aid, and rehabilitation benefits have been determined from projections of future claim payments. These projections have been based on factors developed from the Board's claims experience and average benefit payments in recent years.

Additional information regarding our actuarial valuation is provided in our more detailed valuation report to the Board.

We have reviewed the data which were used for the valuation to test for reasonableness and consistency with the data available from other sources. In our opinion, the data are sufficient and reliable for the purpose of this valuation.

In our opinion, the actuarial assumptions are appropriate for the purpose of the valuation and the methods employed are consistent with sound actuarial principles. Our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial principles.

Paul Conrad

Paul G. Conrad FCIA, FSA, MAAA
Eckler Ltd.
February, 2009

Grant Thornton

Auditors' report

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Charlottetown, PE
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To the members of the Board of the

Workers Compensation Board of Prince Edward Island

We have audited the balance sheet of the Workers Compensation Board of Prince Edward Island (the Board) as at December 31, 2009 and the statements of operations, fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Charlottetown, Prince Edward Island

March 5, 2010

Chartered Accountants

Workers Compensation Board of Prince Edward Island
Statements of operations and fund balance

Year ended December 31	2009	2008
Revenues		
Current assessments	$ 29,443,082	$ 25,928,920
Self-insured employers (Note 12)	2,147,976	2,033,619
Investments (Note 4)	18,057,098	(23,038,137)
Recoverable administration fees and interest charges to self-insured employers (Note 12)	791,643	809,837
	50,439,799	5,734,239
Expenditures		
Expected increase (Note 11)	8,460,000	8,119,000
Changes in actuarial assumptions and methodology (Note 11)	(1,564,000)	-
Experience losses (gains) (Note 11)	593,000	(361,000)
Claims and administrative costs incurred (Note 11)	15,512,000	14,933,000
Claims costs incurred for self-insured employers (Note 12)	2,147,976	2,033,619
	25,148,976	24,724,619
	25,290,823	(18,990,380)
Administration (Page 45)	6,607,181	6,187,090
Workers' Advisor Program (Note 9)	148,349	158,001
Employers' Advisor Program (Note 9)	130,690	82,611
Appeals Tribunal (Note 9)	151,033	210,136
	7,037,253	6,637,838
Excess of revenues over expenditures (expenditures over revenues)	$ 18,253,570	$ (25,628,218)
(Unfunded liability) fund balance, beginning of year	$ (13,390,742)	$ 12,237,850
Excess of revenues over expenditures (expenditures over revenues)	18,253,570	(25,628,218)
Fund balance (unfunded liability), end of year	$ 4,862,828	$ (13,390,368)

See accompanying notes to the financial statements

Workers Compensation Board of Prince Edward Island
Balance sheet

December 31	2009	2008
Assets		
Cash and cash equivalents	$ 6,052,597	$ 2,770,927
Receivables (Note 3)	1,478,892	672,141
Investments (Notes 2, 4 and 5)	122,059,282	102,784,495
Capital assets (Note 6)	2,287,285	2,127,743
Intangible assets (Note 7)	1,984,089	2,091,046
	$ 133,862,145	$ 110,446,352
Liabilities and fund balance		
Payables and accruals	$ 1,058,517	$ 1,051,020
Employee future benefits (Note 10)	802,800	696,700
Benefits liabilities (Note 11)	127,138,000	122,089,000
	128,999,317	123,836,720
Fund balance (unfunded liability) (Note 14)	4,862,828	(13,390,368)
	$ 133,862,145	$ 110,446,352

Contingent liabilities (Note 13)

On behalf of the Board

Nancy E Guptill Chair

Carol Anne Duffy Chief Executive Officer

See accompanying notes to the financial statements.

Workers Compensation Board of Prince Edward Island
Statement of cash flows

Year ended December 31	2009	2008
Cash flow from operating activities		
Cash received from:		
Assessed employers	$ 28,574,579	$ 26,247,574
Self insured employers for assessments	2,207,220	2,048,746
Investments and other	2,927,663	3,659,101
	33,709,462	31,955,421
Cash paid:		
To claimants or third parties on their behalf	(19,003,976)	(19,157,619)
For administration requirements and other goods	(1,580,133)	(1,323,473)
For salaries to employees	(5,069,083)	(5,011,326)
	(25,653,192)	(25,492,418)
Net cash provided by operating activities	8,056,270	6,463,003
Cash flow from investing activities		
Cash received from:		
Sale of investments	40,110,352	47,118,023
Cash paid for:		
Purchase of investments	(44,253,570)	(53,212,812)
Purchase of capital assets	(631,382)	(1,098,866)
	(44,884,952)	(54,311,678)
Net cash used in investing activities	(4,774,600)	(7,193,655)
Net decrease in cash and short term investments	3,281,670	(730,652)
Cash and cash equivalents		
Beginning of year	2,770,927	3,501,579
End of year	$ 6,052,597	$ 2,770,927

See accompanying notes to the financial statements.

Workers Compensation Board of Prince Edward Island
Notes to the financial statements
December 31, 2009

1. Nature of operations

The Workers Compensation Board of Prince Edward Island ("the Board") was established by the Prince Edward Island Legislature in 1949 under the *Workers Compensation Act*. The Board has a mandate for the administration of a workers' compensation system as defined by the *Workers Compensation Act* and for the administration of health and safety programs as defined by the *Occupational Health and Safety Act*.

The nature of operations includes administering payments of benefits to or on behalf of workers, levying and collecting assessment revenues from employers, investing Board funds, inspecting Prince Edward Island workplaces, enforcing health and safety standards defined by legislation and delivering health and safety education and prevention programs. The current *Workers Compensation Act* became effective on January 1, 1995. The current *Occupational Health & Safety Act* became effective on May 20, 2006.

The Board does not receive government funding.

2. Summary of significant accounting policies

Basis of presentation
The financial statements of the Board have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

Cash and cash equivalents
Cash and cash equivalents include cash on hand and balances with banks. Cash and short term investments held by custodians for investment purposes are not available for general use, and accordingly are included in investments.

Assessment revenues
Assessments are billed when employers file their insurable payroll for the current assessment year. Assessment revenues for the year are recognized on an estimated basis as insurable payroll is incurred. For employers who have not filed, assessments are estimated.

Self-insured employers are subject to individual responsibility for costs attributable to claims arising from their employees, as well as administration expenses incurred on behalf of the self-insured employers. As such, assessment revenues from self-insured employers are recognized as these costs are incurred.

Accrued assessments receivable
At the beginning of each year, an assessment is levied on non-monthly employers by applying industry assessment rates to their estimated payrolls. During the year, employers' actual payrolls may vary from their estimate; therefore, at year end, accrued assessments receivable are adjusted based on payroll adjustments from the prior year. The accrued assessments are determined excluding those employers whose assessments are levied on a monthly basis.

2. Summary of significant accounting policies (cont'd)

Investments
The Board has classified its investments as held for trading. As such, investments are recorded at their fair value. The Board recognizes interest revenue as earned, dividends when declared and investment gains and losses when realized. Realized gains and losses represent the difference between the amounts received through the sale of the investments and their respective cost base. Unrealized gains and losses on held for trading investments are recognized at year end based on the fair value of the investments. Transaction costs are recognized as an expense in the statement of operations. Direct investment expenses such as external custodial and management fees are netted against investment income.

Fair values of investments are determined as follows:

- Equities are valued at their year end quoted market prices as reported on recognized public securities exchange.
- Fixed-term investments are valued at their year end closing or bid price based on available public quotations from recognized dealers in such securities.
- Commercial paper, short term notes and treasury bills and term deposits maturing within a year are valued at either their year end closing or bid price based on available quotations from recognized dealers in such securities, or cost plus accrued interest, which approximates fair value.
- Pooled fund units are valued at their year end net asset value, as determined by the fund manager or administrator. These values represent the Board's proportionate share of underlying net assets at fair values determined using either quoted market prices or year end closing market prices or the average of the latest bid/ask prices based on available public quotations from recognized dealers in such securities.
- Forward foreign exchange contracts are valued at their net unrealized gain or loss, based on quoted market exchange rates at the balance sheet date.

Foreign currencies
Assets denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet date. Income from these assets is translated at the rate in effect at the time the income is received.

Realized exchange gains or losses are included in investment income and recognized in the period earned. Unrealized exchange gains or losses resulting from the translation of foreign currency denominated asset balances are recorded in investment income in the period in which they arise.

Capital assets
Property and equipment are reported at cost and are depreciated over their estimated lives on the straight line basis for building and on the declining balance basis for furniture and fixtures and computer equipment. Assets are depreciated at 50% of the applicable rate in the year of acquisition. The rates used are as follows:

Building	40 years, straight line
Furniture and fixtures	10%, declining balance
Computer equipment	20%, declining balance

2. Summary of significant accounting policies (cont'd)

Intangibles
Intangible assets of internally developed software are recognized based on the criteria in CICA Handbook Section 3064, "Goodwill and Intangible Assets". Research and development costs incurred prior to the establishment of the technological and financial feasibility of particular software project are expenses as incurred. Software development costs are capitalized and recognized at cost when the Board can demonstrate the technical and financial feasibility of completing the asset will result in a useable intangible asset with future economic benefits for the Board. Internally developed intangibles include the cost of software tools and licences used in the development of the Board's software programs, as well as all directly attributable payroll and consulting costs.

Internally developed software is amortized 20% per year on the declining balance basis.

Employee future benefits
Permanent employees of the Board participate in a defined benefit pension plan sponsored by the Province of Prince Edward Island. As these multi-employer plans meet the accounting requirements for treatment as defined contribution plans, the current year employer contributions are accounted for as current pension expense.

The cost of retirement pay benefits earned by employees is actuarially determined using the projected unit credit method pro rated on service. Benefits are projected with management's best estimate of salary escalations to retirement and then pro-rated based on service.

Benefits liabilities
An independent consulting actuary completes a valuation of the components of the benefits liabilities of the Board on an annual basis.

The benefits liabilities represent the actuarial present value of all future benefit payments expected to be made for claims which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation policies and administrative practices in respect of existing claims.

The Board believes that the amount provided for benefit liabilities as at December 31, 2009 is adequate, recognizing that actuarial assumptions as disclosed in Note 11 may change over time to reflect underlying economic trends. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

2. Summary of significant accounting policies (cont'd)

Accounting estimates and measurement uncertainty
The preparation of financial statements in conformity with GAAP requires the use of estimates as at the date of the financial statements that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities and the reported amounts of revenues and expenses during the reporting periods presented.

Measurement uncertainty exists when there is a variance between the recognized amount and another reasonable amount. Some accounting measurements require management's best estimate, based on assumptions as at the financial statement date that reflect the most probable set of economic conditions and planned courses of action.

Benefit liabilities, employee future benefits, accrued assessments, allowance for doubtful accounts and depreciation are the most significant items that are based on accounting estimates. Actual results could differ from the estimates made by management in these financial statements, and these differences, which may be material, could require adjustment in subsequent reporting periods.

Changes in accounting policies
Effective January 1, 2009, the Board adopted the new provisions of CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaced CICA Handbook Section 3062, "Goodwill and Intangible Assets". The new standard establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard applies to fiscal years beginning on or after October 1, 2008. The adoption of Section 3064 did not have a material effect on the Board's operating results or financial position.

In June 2009, the CICA amended CICA Handbook Section 3862, "Financial Instruments – Disclosures" to improve fair value and liquidity risk disclosures. The Section now requires that all financial instruments measured at fair value be categorized into one of three hierarchy levels for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities. Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The additional disclosures required as a result of the adoption of these standards are included in the Note 5 to the financial statements.

On January 20, 2009, the Emerging Issues Committee ("EIC") of the CICA approved an abstract EIC 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which provides further information on the determination of the fair value of financial assets and financial liabilities under CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement". This abstract states that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of the financial assets and liabilities, including derivative instruments. EIC 173 is to be applied retroactively without restatement of prior periods to all financial assets and liabilities measured at fair value in financial statements for periods ending on or after the date of issuance of the abstract. The Board has adopted the recommendation of EIC 173, which did not have an impact on the Board's financial statements.

Recent accounting pronouncements
In January 2009, CICA Handbook Section 1582, "Business Combinations", was issued replacing the former CICA Handbook Section 1581, "Business Combinations". This section establishes standards for the accounting for a business combination under the acquisition method. This new section applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning after January 1, 2011. Management does not anticipate that this section will have a material impact on its financial statements.

2. Summary of significant accounting policies (cont'd)

Recent accounting pronouncements (cont'd)

The Accounting Standards Board announced on February 13, 2008 that International Financial Reporting Standards (IFRS) will be required in 2011 for publicly accountable enterprises. The changeover date is for annual financial statements relating to fiscal years beginning on or after January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosure requirements. As a result, the Board has established a changeover plan to convert to these new standards within the time table indicated above. An implementation team has been created and third party advisors have been engaged to provide support to the Board's staff. The Board completed the scoping phase and is now in process of completing the diagnostic and implementation phases. At this time, the impact on the Board's future financial position and results of operations is not readily determinable.

3. Receivables

	2009	2008
Assessments	$1,186,993	$ 659,513
Accrued assessments	81,891	(258,714)
Other	71,241	73,331
Self-insured employers	138,767	198,011
	$1,478,892	$ 672,141

4. Investments

	2009	2008
Cash and short term investments	$ 2,282,082	$ 2,068,176
Forward foreign exchange contracts	437,382	(462,574)
Fixed term investments	40,390,929	37,648,237
Equities	78,948,889	63,530,656
	$ 122,059,282	$ 102,784,495
Investment income (loss)		
Earned during the year, net of portfolio management expenses	$ 2,925,529	$ 3,596,911
Realized investment losses	(2,550,644)	(9,904,579)
Unrealized investment gains (losses)	17,682,213	(16,730,469)
	$ 18,057,098	$ (23,038,137)

Investment agreement
The Board has entered into an Investment Agreement (January 1995) for the management of its investment assets with those of Worksafe NB. These financial statements report the Board's proportionate share of the investment assets held in the pooled fund which was 12.31% at December 31, 2009 (2008 – 12.21%). The Board pays a fee to Worksafe NB for the administration of the combined investments.

5. Financial risk management

The Board has established policies for management of its investments. All of the Board's pooled investments are managed by independent, external investment managers. The compliance of these managers with the established policies is monitored on a regular basis. The pooled investments are managed to reduce investment risk by diversifying its portfolio among asset classes, industry sectors, geographic locations and individual securities. Further diversification is achieved by selecting investment managers with varying investment philosophies and styles. From time to time, in conjunction with WorkSafe NB, independent consultants are retained to advise on the appropriateness and effectiveness of its investment policies and practices.

The following sections describe the Board's financial risk exposure and related mitigation strategies.

Market risk
The Board invests in publicly traded equities listed on domestic and foreign exchanges, and bonds traded over the counter through broker dealers. These securities are affected by fluctuations in market prices. Such market changes are subject to economic factors and other fluctuations in domestic and global capital markets, as well as risks to issuers, which may affect the market value of individual securities. Policy guidelines have been established to ensure that the Board's investments are diversified by issuer, industry and geographic location.

The table below indicates the total exposure in each of the equity mandates within the Board's portfolio:

	2009	2008
Canada	$ 26,017,415	$ 19,378,828
Unites States	25,037,298	22,056,985
International equities	21,753,957	18,350,898
Emerging markets	6,140,219	3,743,945
	$ 78,948,889	$ 63,530,656

The table below presents the effect of a change in value of equities held based on management estimates for each of the equity mandates in the Boards' portfolio:

	2009			
Equities				
Change in market value	**15%**	**5%**	**-5%**	**-15%**
Impact on fund balance				
Canadian	**$ 3,903,000**	**$ 1,301,000**	**$ (1,239,000)**	**$ (3,394,000)**
United States	**3,756,000**	**1,252,000**	**(1,192,000)**	**(3,266,000)**
International equities	**3,263,000**	**1,088,000**	**(1,036,000)**	**(2,837,000)**
Emerging markets	**921,000**	**307,000**	**(292,000)**	**(801,000)**

	2008			
Equities				
Change in market value	15%	5%	-5%	-15%
Impact on fund balance				
Canadian	$ 2,907,000	$ 969,000	$ (923,000)	$ (2,528,000)
United States	3,309,000	1,103,000	(1,050,000)	(2,877,000)
International equities	2,753,000	917,000	(874,000)	(2,394,000)
Emerging markets	562,000	187,000	(178,000)	(488,000)

5. Financial risk management (cont'd)

Foreign currency risk

The Board has certain investments denominated in foreign currencies. Currency risk is the risk that the value of these investments will fluctuate due to changes in foreign exchange rates. For its U.S. and non North American equities, the Board has adopted a policy to hedge 50% of its developed market foreign currency exposure using forward exchange contracts. Forward foreign exchange contracts are agreements to exchange an amount of one currency for another at a future date and at a set price, agreed upon at the contract's inception. The fair value of these financial instruments would change in response to changes in the foreign exchange rates of the currencies involved in the contracts. The notional amounts in forward foreign exchange contracts are the contractual amounts on which payments are made. These notional amounts have been converted into Canadian dollars at the contractual exchange rates in effect at the inception of the contracts. Outstanding contracts from 2009 mature in the first three months of 2010.

The Board has significant current exposure in the US dollar, the Euro, the Japanese Yen and the British Pound. Exposure to changes in these four currencies represents 91% of the Board's total exposure to developed market foreign currencies and 80% of the total foreign currency exposure including emerging markets. The Board has holdings of $33,142,000 (2008 - $26,498,000) in US dollar or 27% of the portfolio, $6,530,000
(2008 - $5,507,000) or 5% in the Euro, $4,610,000 (2008- $4,820,000) or 4% in the Japanese Yen, and $4,534,000 (2008 - $3,981,000) or 4% in the British Pound.

The table below presents the effects of a 15% appreciation in the Canadian dollar as compared to the US dollar, Euro, Japanese Yen and British Pound on the fund balance:

	2009	2008
CAD/USD	**$ (4,323,000)**	$ (3,456,000)
CAD/EURO	**$ (852,000)**	$ (718,000)
CAD/YEN	**$ (601,000)**	$ (628,000)
CAD/POUND	**$ (591,000)**	$ (519,000)

At December 31, 2009, the notional value of outstanding forward foreign exchange contracts was $22,543,800 (2008: $18,948,200). The fair value of these contracts was $437,382 (2008: $(462,574)). Unrealized gains on forward foreign exchange contracts of $437,382 (2008: losses - $462,574) were included in investment income.

5. Financial risk management (cont'd)

Interest risk management
Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Board's investment portfolio is exposed to interest rate risk from its holdings of fixed income securities. Fluctuations in interest rates are managed by varying the duration of the fixed income portfolio.

The table below presents the remaining term to maturity of the Board's outstanding fixed term investments.

	Remaining term to maturity				
	Within 1 year	From 1 year to 5 years	Over 5 years	**Total 2009**	Total 2008
Fixed term investments (market value)	$ 141,343	$ 12,149,746	$ 28,099,840	**$ 40,390,929**	$ 37,648,237

The average effective yield of these fixed term investments is 3.4% (2008 – 3.7%) per annum based on market value.

As of December 31, 2009, had the prevailing interest rate changed by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the value of the fixed term investments would have increased or decreased by $3,424,000 (2008 - $3,185,000) or approximately 9.1% (2008 – 8.5%) of their value.

Credit risk management
Credit risk on fixed term or money market investments or forward foreign exchange contracts arises from the possibility that the counterparty to an instrument fails to meet its obligation to the Board. Policy guidelines have been established to ensure the Board holds corporate fixed term investments with a credit rating of A or higher, and Canadian federal or provincial government fixed term investments with a credit rating of BBB or higher. The Board may only invest in money market instruments that are provincially or federally guaranteed by one of the five largest Canadian chartered banks. Counterparties to forward foreign exchange contracts must have a credit rating of at least AA-. As at December 31, 2009, the aggregate amount of fixed income securities with counterparty ratings of BBB was $140,652 (2008 - $354,972).

The Board is also exposed to credit risk through its trade receivables. The Board mitigates this risk through a regular monitoring process. Credit risk is mitigated due to the large number of customers and their dispersion across geographic areas and various industries. Allowance for doubtful accounts is reviewed at each balance sheet date. The Board updates its estimates of allowances for doubtful accounts based on customer history.

Fair value hierarchy
In compliance with CICA Handbook Section 3862, Financial Instruments – Disclosures, the Board has categorized its assets and liabilities that are carried at fair value on a recurring basis, based on the priority of the inputs to the valuation techniques used to measure fair value, into a three level fair value hierarchy. Financial assets and liabilities measured at fair value are categorized as follows:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2: Fair value is based on quoted prices for similar assets or liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation or other means.

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Board's assumptions about the assumptions market participants would use in pricing the assets or liabilities.

5. Financial risk management (cont'd)

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2,282,082	-	-	$ 2,282,082
Investments				
Forward foreign exchange contracts	-	$ 437,382	-	437,382
Fixed term	40,390,929	-	-	40,390,929
Equities	78,948,889	-	-	78,948,889
	$ 121,621,900	$ 437,382	-	$ 122,059,282

6. Capital assets

Capital assets	Cost	Accumulated depreciation	2009 Net book value	2008 Net book value
Land	$ 368,460	$ -	$ 368,460	$ 368,460
Building	1,671,346	431,044	1,240,302	1,211,944
Furniture and fixtures	1,842,877	1,507,102	335,775	362,083
Computer programs and equipment	731,577	388,829	342,748	185,256
	$4,614,260	$ 2,326,975	$ 2,287,285	$ 2,127,743

7. Intangible assets

Intangible assets	Cost	Accumulated depreciation	2009 Net book value	2008 Net book value
Computer software	$ 5,723,124	$ 3,739,035	$ 1,984,089	$ 2,091,046

8. Bank indebtedness

The Board has a $500,000 unsecured operating line of credit of which nil was used at December 31, 2009.

9. Legislative obligations and other related party transactions

Included in these financial statements are transactions with various Prince Edward Island crown corporations, departments, agencies, and boards related to the Board by virtue of common influence by the Government of Prince Edward Island. Routine operating transactions in the ordinary course of business with related parties are settled at prevailing market prices under normal trade terms.

The Board is required by the *Workers Compensation Act* (the Act) to provide an annual grant to the Workers' Advisor Program. The Workers' Advisor Program operates autonomously from the Board and assists workers or dependants of workers in respect of claims for compensation. During the year, the Board paid $148,349 (2008 - $158,001) of the Program's expenses.

9. Legislative obligations and other related party transactions (cont'd)

The Board is required by the Act to provide an annual grant to the Employers' Advisor Program. The Employers' Advisor Program operates autonomously from the Board and assists employers in respect of classifications, assessments and claims for compensation. During the year, the Board paid $130,690 (2008 - $82,611) of the Program's expenses.

The Board is required by the Act to pay the operating costs of the Appeals Tribunal. During the year, the Board paid $151,033 (2008 - $210,136) to cover the operating costs of the Tribunal.

10. Employee future benefits

Pension plan
The Board and its employees participate in a multi-employer contributory defined benefit pension plan, administered by the Province of Prince Edward Island under the Civil Service Superannuation Act. The Civil Service Superannuation Fund provides pensions to employees of the Provincial Government and certain Crown Corporation and agencies based on the length of service and average of best three year's salary. Since sufficient information is not readily available to account for the Board's participation in the plan using defined benefit pension plan accounting, these financial statements have been prepared using accounting rules for defined contribution pension plans. The current year expense for this pension plan is $282,605 (2008 - $282,608).

Retirement pay benefits
The Board provides a retirement pay benefit equal to one weeks pay for each year of service, subject to a maximum benefit equal to 26 weeks pay. The retirement pay benefit is payable upon retirement. Unionized employees qualify at retirement if they have accrued 10 years of service and attained age 55. Non-unionized employees qualify at retirement if they have accrued 5 years of service and attained age 55, accrued 30 years of service, or accrued 5 years of service and die or become disabled.

The significant actuarial assumptions adopted in measuring the Board's accrued retirement pay benefits obligations are a discount rate of 5.75% (2008 – 7%) and a rate of compensation increase of 3% (2008 – 3.5%). The retirement pay benefits liability has been estimated to equal $802,800 (2008: $696,700) based on the last actuarial estimate update as of December 31, 2009.

Other information about the Board's retirement pay benefits is as follows:

	2009	2008
Opening retirement pay benefits	$ 696,700	$ 835,100
Changes during the year	106,100	(138,400)
Ending retirement pay benefits	$ 802,800	$ 696,700

11. Benefits liabilities

Benefits liabilities as at December 31, 2009 have been independently valued by the Board's external actuary. Benefits liabilities include a provision for all benefits provided by current legislation, Board policies, and administrative practices. These liabilities also include a provision for future expenses of administering those benefits. Benefits liabilities do not include a provision for benefits costs of self-insured employers.

Since the benefits liabilities of the Board are of a long term nature, the actuarial assumptions and methods used to calculate the reported benefits liabilities are based on considerations of future expenditures over the long term. As the determination of these liabilities requires assumptions about economic and other events that may occur many years in the future, but which are based on best information as at the valuation date, a significant degree of professional judgement must be exercised in developing these assumptions. Accordingly, changes in future conditions within one year of the financial statement date could require a material change in the recognized amounts.

An analysis of the components of and changes in benefits liabilities is as follows:

	Temporary wage loss	Pension and extended wage loss	Health care	Rehabilitation	Administration	2009 Total	2008 Total
Balance, beginning of year	$7,493,000	$ 80,158,000	$ 24,650,000	$ 2,337,000	$ 7,451,000	**$ 122,089,000**	$ 117,635,000
Expected increase	525,000	5,551,000	1,710,000	158,000	516,000	**8,460,000**	8,119,000
Changes in actuarial assumptions and methodology	-	(1,863,000)	394,000	-	(95,000)	**(1,564,000)**	-
Experience (gains) losses	(1,463,000)	1,305,000	411,000	303,000	37,000	**593,000**	(361,000)
	6,555,000	85,151,000	27,165,000	2,798,000	7,909,000	**129,578,000**	125,393,000
Costs incurred	4,104,000	5,367,000	4,546,000	548,000	947,000	**15,512,000**	14,933,000
	10,659,000	90,518,000	31,711,000	3,346,000	8,856,000	**145,090,000**	140,326,000
Less: Payments made	(4,081,000)	(7,069,000)	(5,001,000)	(705,000)	(1,096,000)	**(17,952,000)**	(18,237,000)
Balance, end of year	$ 6,578,000	$ 83,449,000	$ 26,710,000	$ 2,641,000	$ 7,760,000	**$ 127,138,000**	$ 122,089,000

Key actuarial assumptions

The table below presents key assumptions used to determine the benefits liabilities.

	2009	2008
Gross rate of return	**7.0%**	7.0%
Real rate of return	**3.5%**	3.5%
Increase in inflation	**3.5%**	3.5%

For the valuation as at December 31, 2009, changes were made to the mortality assumption for a large amount of medical and hospital claims. Also, the expected number of future wage loss and the average age at accident for wage loss claimants were changed. All other assumptions are the same as those used in the December 31, 2008 valuation.

11. Benefits liabilities (cont'd)

Benefit liabilities of self-insured employers are not included in the benefits liability. These liabilities will be borne by those employers when paid in the future years. They do not add to the Board's liabilities on its net fund balance.

The benefits liabilities are determined by using many actuarial assumptions. The two most significant assumptions are the real rate of return and increase in inflation. The liability estimates are highly sensitive to small changes in these assumptions. The following table presents the sensitivity of the liabilities to an immediate 0.50% increase and decrease in the assumed rates:

	2009		2008	
%age change in assumed rates	**+0.50%**	**-0.50%**	+0.50%	-0.50%
Real rate of return	**$(4,379,000)**	**$ 4,681,000**	$(4,200,000)	$ 4,500,000
Increase in inflation	**$ 665,000**	**$ (646,000)**	$ 600,000	$ (600,000)

12. Self-insured employers

These financial statements include the effects of significant transactions carried out for self-insured employers, principally the Government of Canada and the Government of Prince Edward Island, who directly bear the costs of their own incurred claims and an appropriate share of administration expenditures. Administrative fees and interest charges are included within the schedule of administrative expenses (Page 45). Total amounts of assessment revenue and offsetting expenses included in the statements of operations and operating surplus are as follows:

	2009	2008
Current assessment revenue	**$ 2,147,976**	$ 2,033,619
Administration fees and interest charges recoverable	**791,643**	809,837
	$ 2,939,619	$ 2,843,456
Claims costs incurred		
Short term disability	**$ 416,869**	$ 287,495
Long term disability	**1,267,604**	1,286,480
Health care	**460,388**	447,990
Rehabilitation	**3,115**	11,654
	2,147,976	2,033,619
Administration fees and interest charges	**791,643**	809,837
	$ 2,939,619	$ 2,843,456

13. Contingent liabilities

Latent occupational diseases

The Board is liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in the financial statements.

14. Funding strategy and capital management

In 2002, the Board implemented a funding strategy to address retirement of the unfunded liability as at December 31, 2001. In recognition of the significant improvement in the Board's financial position under this strategy (2002 – 2006), the Board replaced this funding strategy with a funding policy (POL01-13) which recognizes current funding levels and is aimed at maintaining a financial position of fully funded.

Fully funded means the total assets of the Board are equal to or greater than the total liabilities.

The funding policy will target a funding status in the range of 100% - 110% and includes specific adjustments to be applied to the assessment rate setting process should the funding status fall outside this range.

Although, per CICA accounting changes, investments have been recorded in the financial statements using the fair value method, investment revenue for funding policy purposes continues to be recorded using the smoothing method. Under the smoothing method, gains or losses realized on disposal of fixed term investments are deferred and amortized on a straight line basis over a nine year period. Realized and unrealized gains and losses on equity investments are deferred and amortized on a straight line basis over a four year period. The use of the smoothing method for funding policy purposes continues to be in effect to reduce the volatility of investment returns on assessment rates as per the goals of the funding policy.

Investment reconciliation to the smoothing method	
January 1, 2009 balance	$ (15,250,914)
2009 adjustment to record revenue using the smoothing method	15,085,392
	$ (165,522)
Fund balance based on investment smoothing	
Fund balance as currently reported	$ 4,862,828
Adjustment to record revenue using the smoothing method	165,522
Fund balance based on investment smoothing	$ 5,028,350
Asset total based on investment smoothing	
Total assets as currently reported	$ 133,862,145
Adjustment to record revenue using the smoothing method	165,522
Asset total based on investment smoothing	$ 134,027,667
Total liabilities as currently reported	**$ 128,999,317**
Funding status as per funding policy (percentage based on investment smoothing):	103.90%

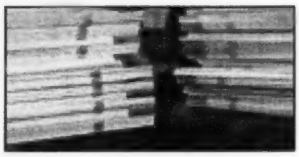
15. Comparative figures

The 2008 comparative figures have been reclassified to conform to the 2009 financial statement presentation.

Workers Compensation Board of Prince Edward Island
Schedule of administration expenditures

Year ended December 31	2009	2008
Building operating costs	$ 201,167	$ 205,369
Communications, printing and office supplies	224,902	235,828
Computer maintenance	265,163	264,486
Depreciation	578,797	509,874
Dues and fees	63,268	45,943
Miscellaneous	40,290	39,510
Postage	74,386	71,802
Professional development	50,255	62,744
Professional fees	751,240	680,495
Salaries		
Board members	105,800	105,152
Staff members	4,254,255	4,171,165
Benefits	678,813	652,089
Retirement benefits (Note 10)	136,315	(55,480)
Telephone	86,009	92,777
Travel	192,521	218,336
	7,703,181	7,300,090
Less allocation to benefits liabilities (Note 11)	(1,096,000)	(1,113,000)
	$ 6,607,181	$ 6,187,090

External Reports



Workers Compensation Appeal Tribunal
2009 Report from the Chair

On behalf of the members and staff, I am pleased to provide the annual report on the activities of the Workers Compensation Appeal Tribunal (WCAT) for the year ending December 31, 2009.

December 31, 2009, marked the completion of 15 years of operation since the establishment of WCAT on January 1, 1995, with the proclamation of a new *Workers Compensation Act.*

The first chair of WCAT was the now Honourable Benjamin B. Taylor, followed by Allen J. MacPhee. Previous vice chairs included Nancy Birt, Pamela Williams, and Sherra Profit. In addition to the current members, there have been 5 former employer representatives and 4 worker representatives. The present composition is as listed below.

Although few statistics are available from the early years, since implementation WCAT rendered 133 decisions: 45 in favour of the worker; 86 where the IRO decision was upheld; and, 2 where appeals were withdrawn post hearing. A total of 221 appeals were initiated since 1995, from a low of 1 in 2003 to a high of 48 during 2009.

About the Tribunal

The Workers Compensation Appeal Tribunal considers appeals from final decisions of the Internal Reconsideration Officer under the *Workers Compensation Act* and is the second, and final, level of decision-making in the workers compensation appeal structure in Prince Edward Island. It has exclusive jurisdiction to hear and decide appeals that arise from decisions made by the Workers Compensation Board (WCB). WCAT is separate and independent from WCB ensuring that issues from workers and employers are heard by an impartial panel. WCAT, however, is bound by the Act, Regulations and Board policy.

A fully accessible office is located in the Sherwood Business Centre at 161 St. Peters Road, Charlottetown. The office is staffed by a full-time coordinator who is responsible for all administrative functions.

Composition

There are 18 part-time members on the Tribunal: 1 chair, 2 vice-chairs, 7 employer representatives, and 8 worker representatives. All appointments are made by, and at the pleasure of, the Lieutenant Governor in Council, as authorized in Section 56(7) of the *Act.* Sitting members on the Appeal Tribunal are as follows:

Chairperson
Wendy E. Reid, Q.C.

Vice-Chairperson
Jordan K.M. Brown

Vice-Chairperson
John L. Ramsay, Q.C.

Employer Representatives

Don Cudmore	Harvey MacKinnon
Scott Dawson	Jean Tingley
Ray Hann	Donald Turner
Stu Lavers	

Worker Representatives

Leo Cheverie	Ralph MacLean
Nancy FitzGerald	Jamie Matthews
Gordon Huestis	Elizabeth (Libba) Mobbs
Neil MacFadyen	Gary Paynter

Appeals are heard by a panel of 3 members consisting of a chair and a member representing worker and employer interests. The hearings are conducted in accordance with the rules of natural justice and procedural fairness and all parties to an appeal (worker, employer, their representative, and WCB's solicitor) are given an equal opportunity to present their case.

Tribunal Activity

WCAT experienced significant growth in the past year, recording the highest number of appeals filed in its 15 year history. The 48 appeals filed equates to an increase of 118% over the previous year and resulted in an 87.5% increase in the number of oral hearings held.

Currently the case load inventory stands at 52 cases: 7 ready for hearing; 8 pending decisions; 15 awaiting document discovery; 10 returned to WCB for possible new evidence; and, 12 on hold at the request of the appellant. With the exception of those cases on hold, all were filed in the second half of the year, meaning that despite the increase in filings, the WCAT has been able to eliminate the lengthy hearing backlogs experienced a few short years ago.

ACTIVITY AT A GLANCE

Year	Files Carried Over	Appeals Filed By		Hearings Heard	Decisions Rendered	Appeals Abandoned, Conceded or Resolved before Hearing
		Worker	Employer			
2009	27	44	4	30	21	7
2008	27	19	3	16	13	9
2007	58	21	1	33	36	16
2006	52	20	3	12	13	4
2005	20	42	4	16	6	5

Hearings and Representation

In relation to the 30 oral hearings held in 2009, 25 were worker initiated appeals dealing with compensation issues and 5 were initiated by an employer. Employer appeals can deal with either assessment issues (3 cases) or compensation issues (2 cases) .

All participants appearing before WCAT may choose to be represented by another person (Worker Advisor, Employer Advisor, lawyer, friend, union rep, or other individual). For the second consecutive year, WCAT noted a decline in the instances of self-represented appellants and a move toward authorized representatives, with those represented by the Worker Advisor accounting for 52% of the total worker hearings. Although fewer employer appeals were heard, there were no instances of self representation.

Percentage Breakdown of Representation at Hearings

Worker Appeals	% of total		Employer Appeals	% of total
7	28	Self-represented	0	-
3	12	Personal Representative/Consultant	2	40
13	52	Worker Advisor	0	-
0	-	Employer Advisor	3	60
0	-	Legal Counsel	0	-
1	4	Union Representative	0	-
1	4	Appellant did not appear- paper review conducted	0	-
25	**100**	**Total**	**5**	**100**

Note: In most worker appeals, the employer is seldom present, despite being invited to do so. Similarly, in employer initiated appeals pertaining to compensation the worker generally chooses not to participate. Workers are not invited to participate in assessment appeals.

Decisions

The number of decisions rendered in any given year may differ from the number of appeals heard due to the length of time it takes to generate the written decision. On hearing an appeal, WCAT may confirm (dismissed or denied), vary, or reverse (allowed) the decision appealed from. The ratio of decisions dismissed versus the IRO decisions overturned, is approximately 2:1 (or 66%) in favour of WCB.

	2009	*2008*	*2007*	*2006*	*2005*
Decisions Rendered	21	13	36	13	6
Dismissed or Denied	14	9	17	8	6
IRO Decision Reversed in Whole or In Part	7	4	19	5	0

Although few appellants provide a written request to have their decision rendered in 90 days, as stated in Section 56(24) of the Act, WCAT does strive to meet that deadline. Nine (42.8%) decisions were released by or before 90 days; 10 (47.6%) were released in less than 150 days; and, the remaining 2 (9.5%) cases greater than that.

Leave to Appeal

Although there is no right of appeal on a final decision of WCAT, persons directly affected by a final decision may make application for Leave to Appeal to the Appeals Division of the PEI Supreme Court on a question of law or jurisdiction. Upon release of a written decision by WCAT, all parties are advised of this section of the *Workers Compensation Act*, as the leave application must be filed within 30 days of the date of the WCAT decision.

Four applications were filed with the Courts and served on WCAT: 2 commenced by Workers Compensation Board, and, 2 by workers (one was subsequently withdrawn).

Training and Development

The chair, vice chairs and coordinator all maintain membership in the Canadian Council of Administrative Tribunals (CCAT), a national, non-profit organization consisting of members, lawyers and staff of federal, provincial and territorial tribunals. CCAT acts as a national forum which addresses issues of importance to the administrative justice community and provides its members with a venue to work in partnership with other tribunals.

From May 31 to June 2, 2009, the Chair and one of the Vice Chairs attended CCAT's Annual Conference, *The Modern Canadian Tribunal: 25 Years in the Making* held in Halifax, Nova Scotia.

Challenges and Future Opportunities

WCAT has made significant progress on the challenges of the past few years: alleviating the hearing backlog, improving access to WCAT decisions, and reducing decision release times.

The lengthy scheduling backlog of a few years ago has been eliminated with many hearings now scheduled within a month of the final documents being filed.

In response to concerns for improved access to final decision, responsibility for the decision website was transferred from the Board to WCAT on January 1, 2009. Since then, our website (www.gov.pe.ca/go/wcat) has been upgraded to include an online search mode enabling the public to search by decision number, date, word or phrase. Each decision has an abstract with the appeal issue and decision, as well as a link to the entire decision. WCAT also fulfilled our commitment of posting the pre-2005 decisions and ensuring future decisions are posted within 30 days of being released.

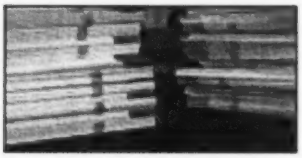
WCAT remains cognizant that while progress has been made in reducing decision time lines, the issue remains on the front burner for improvement and continued monitoring.

Recognizing the requirement and necessity to protect personal and private information of our clients, the Tribunal has undertaken an analysis of its processes regarding compliance with the *Freedom on Information and Protection of Privacy Act*. Over the next few months, WCAT will implement new procedures for the disclosure of information for hearing purposes and the introduction of forms.

As we move forward we will continue to strive to provide timely, fair and just decisions as we try to do our best to serve the people of Prince Edward Island.

Respectfully submitted,

Wendy E. Reid, Q.C.
WCAT Chair



Office of the Employer Advisor
2009 Report

The legislative authority for the Office of the Employer Advisor is contained in Section 85.(1)(b) of the Workers Compensation Act. The mandate for the Office is to provide PEI employers and employer associations with independent advice and assistance in the areas of claims management, assessments and classifications, workplace health and safety and appeals. Early in 2009, the Office of the Employer Advisor completed its fifth year of operation and we are pleased to present this Annual Report which highlights our accomplishments during the past 12 months, in accordance with our stated mandate.

The Office of the Employer Advisor represented a number of Island employers in the preparation and presentation of their cases before both the Internal Reconsideration Officer and the Workers Compensation Appeal Tribunal. Of the five (5) cases heard by the IRO, four (4) were decided in favor of the original decision maker at WCB while one (1) more decision is pending in 2010. WCAT conducted three (3) oral hearings in 2009 and it denied one (1) of the appeals while two (2) decisions are pending in 2010. During the year, some thirty-one (31) new files were opened and dealt with issues on assessments, classifications, rates, registrations, claims, entitlement, OH&S and appeals. In addition, numerous inquiries were handled from individual employers and employer associations on multiple aspects of both the Workers Compensation Act and the Occupational Health and Safety Act.

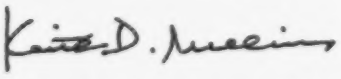
The Office of the Employer Advisor was invited to participate in events commemorating the National Day of Mourning, North American Occupational Safety and Health Week, Public Service Week, United Way Kick-Off, Junior Achievement Business Hall of Fame, and the opening of the PEI Legislative Assembly. As Treasurer and a member of the Executive of the PEI Chapter of the Canadian Society of Safety Engineering, the Employer Advisor now serves on their Membership and NAOSH Week Committees. The Office assisted in the presentation of flag raising and educational events in Charlottetown, Kensington and Summerside during NAOSH Week along with the presentation of the first annual PEI Safety Champion of the Year Award. We also participated in our Department's Professional Development Day in addition to a number of other professional development activities dealing with such topics as Constructive Feedback, Coaching, Employee Engagement, Business Etiquette, and Business Continuity Planning, all of which enhance our ability to better understand, develop and deliver relevant programming to Island employers.

The Office of the Employer Advisor continued to focus on building awareness of its advisory services among Island employers and in so doing was represented at meetings, mixers, annual meetings and special events hosted by employer associations like the Chambers of Commerce in Charlottetown, Eastern PEI, Kensington, Summerside, West Prince, Atlantic Provinces and Corner Brook, NL; Holland College's Small Business Manager Program in Tignish; Holland College's Tourism and Culinary Institute; Tourism Industry Association of PEI; Innovation and Technology Association of PEI; ProfitLearn PEI; Safety Services Canada; PEI Chapter of the Human Resources Association of Nova Scotia; Atlantic Provinces Economic Council; UPEI School of Business; Construction Association of PEI and the PEI Roadbuilders and Heavy Construction Association. We attended the regular meetings of the Employers Council Inc. and provided them with updates on WCB, OH&S and WCAT topics of interest as well as activities being undertaken by our office. Regular monthly issues of The Employer Advisor electronic newsletter were produced and circulated via the internet to employers and their management staff, employer associations and to public sector managers on our growing mailing list.

Throughout 2009 there were numerous opportunities for interaction with the Workers Compensation Board of Prince Edward Island, including participation in their 10th Annual Occupational Health and Safety Conference, their public presentations on both the new Aquaculture Safety Code of Practice and the new Noise Regulations as well as the program for new and young workers. On an ongoing basis we provided feedback to the Board, from an employer perspective, on proposed changes to a number of new and existing Board policies. Representation was made to the Occupational Health and Safety Advisory Council on suggested changes to Part 12 of the Occupational Health and Safety Act - Excavations, Trenches and Construction. The Office responded to inquiries from employers and Workers Compensation Boards in other Canadian jurisdictions on a variety of subjects and participated in teleconference calls with the other five (5) members of the Canadian Association of Employer Advisors / Advocates. The Employer Advisor once again attended the Association of Workers Compensation Boards of Canada Learning Symposium at which time face-to-face meetings with other Employer Advisors / Advocates were held. Information was also gathered and provided to assist in a program evaluation of the Office of the Employer Advocate in New Brunswick.

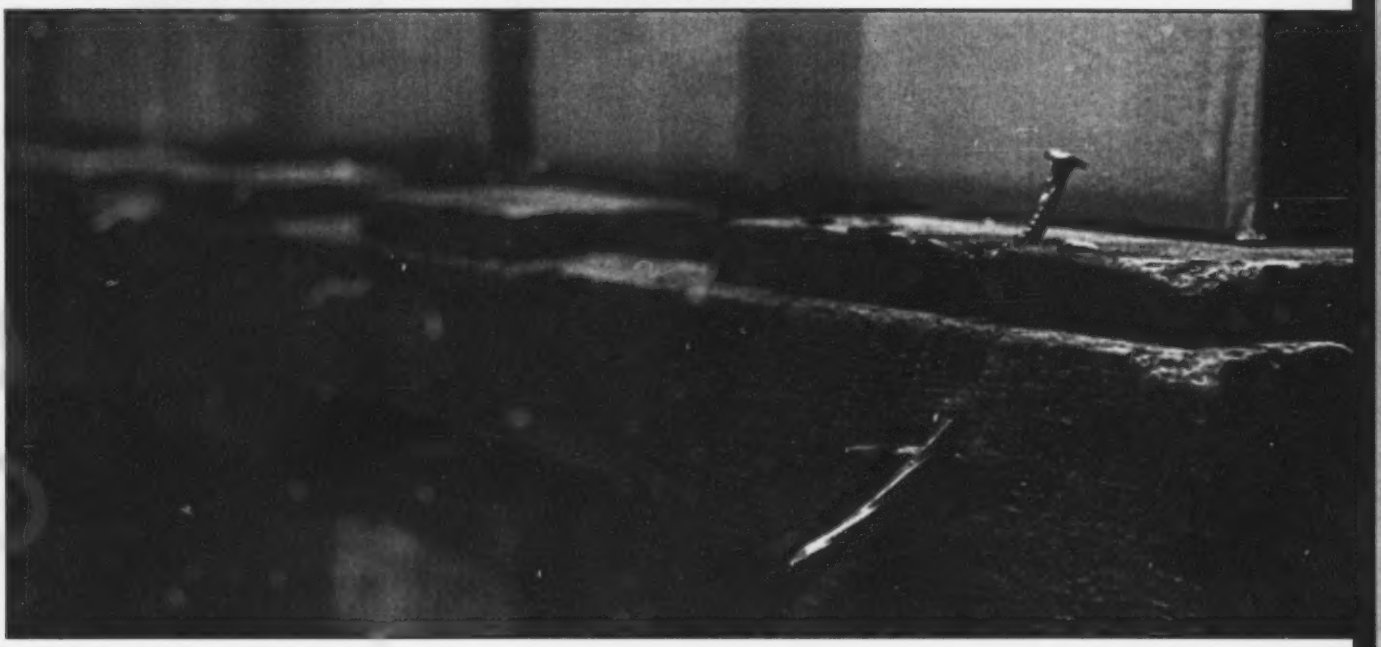
The fifth year of operation has seen the profile of the Office of the Employer Advisor raised to the point where the hiring of a new Program Assistant was conducted and the successful candidate was Elizabeth Murray, who started work in January. As the demand from the employer community for our services on matters dealing with workers compensation and workplace health and safety matters continues to increase, our ability to respond has increased accordingly, and we look forward to providing it once again in 2010.

Respectfully submitted,



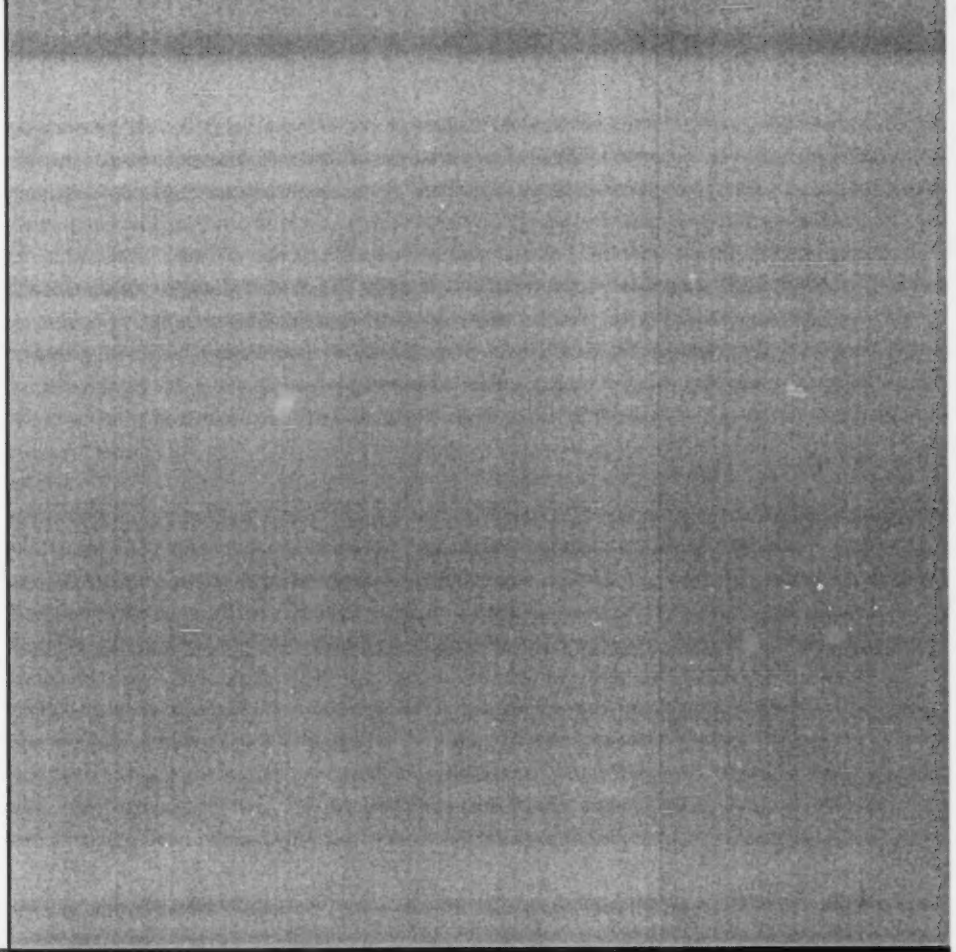
Keith D. Mullins, B. Comm., RRP
Employer Advisor

TAKE CARE OF IT
BEFORE IT'S AN INJURY



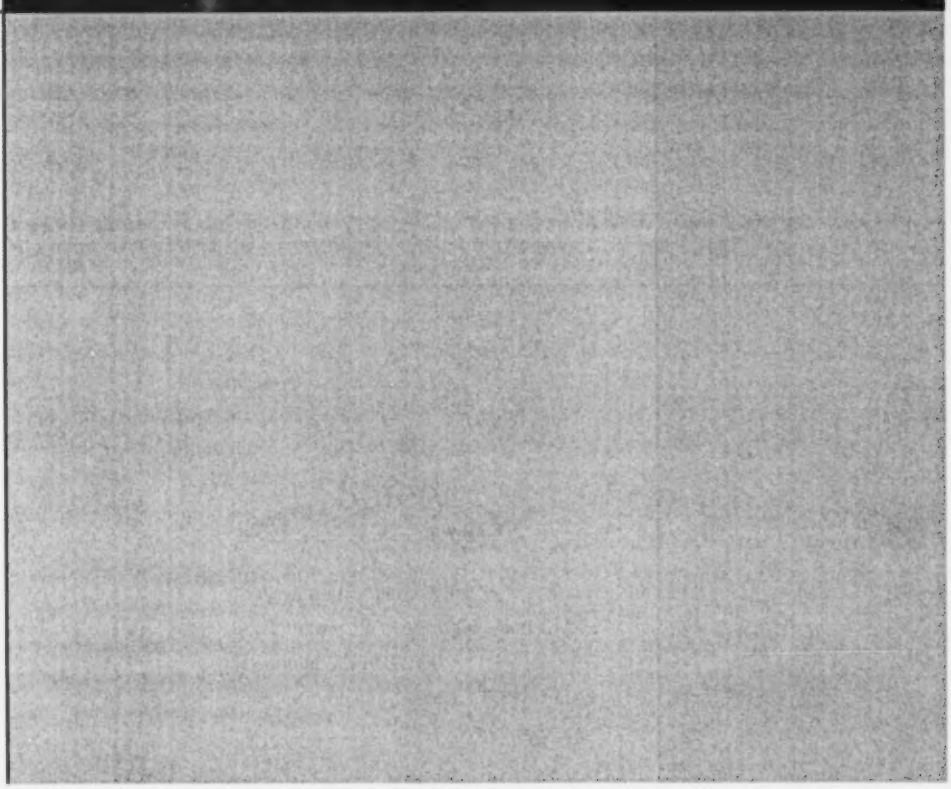
www.wcb.pe.ca

Safety Matters @ Work
Workers Compensation Board of PEI



2009 Annual Report

Workers Compensation Board of Prince Edward Island



Safety Matters @Work
Workers Compensation Board of PEI

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